

TRAFFORD BOROUGH COUNCIL

Report to: Executive and Council
Date: 22 February 2017
Report for: Decision
Report of: Executive Member for Finance and the Chief Finance Officer

Report Title

Executive's Revenue Budget Proposals 2017/18 & MTFS 2018/19-2019/20

Summary

This report sets out the Executive's updated 3 year budget strategy proposals and detailed revenue budget proposals for 2017/18 and Medium Term Financial Strategy (MTFS) for the period 2018/19-2019/20. To include:

- The approach taken to consultation, subsequent outcomes of feedback from stakeholders, staff and scrutiny and revised recommendations which are now put forward for members approval
- Changes to budget assumptions, estimates and movements in funding

The key summary of figures for the revenue budget are:

- The overall budget movement for 2017/18 on a 'like for like' basis is an increase in the net budget of £1.41 million or 0.96%, from £146.70 million to £148.11 million. However, as Trafford is part of the 100% business rates retention GM pilot, Public Health monies will no longer be received in a separate ring-fenced grant but are counted as part of core funding and therefore the net budget increases by £12.72 million to £160.83 million.
- The budget funding gap for the three years before applying these proposals is now estimated to be £47.71 million comprising:
 - £32.23 million of additional cost pressures
 - £15.48 million of reductions to funding
- The proposals contained in the report close the 2017/18 budget gap of £25.37 million via a mixture of measures:
 - Income generation
 - Transformational service delivery savings
 - Additional funding and use of reserves
- It should be noted that if all the proposals in this report are implemented there currently still remains a residual budget gap of:
 - £13.19 million in 2018/19, and
 - £6.05 million in 2019/20

Throughout 2017 the Executive will continue to review proposals to address this budget gap

Recommendation(s)

It is recommended that Council approve :

- a) The 2017/18 net Revenue Budget of £160.83 million.
- b) The 2018/19 to 2019/20 Medium Term Financial Strategy (MTFS) including the income and savings proposals.
- c) The calculation of the Council Tax Requirement as summarised in Section 9.1 and set out in the Formal Council Tax Resolution (Green Sheets to be circulated at Council);
- d) To increase Council Tax by 4.99%:
 - o 1.99% general increase in the 'relevant basic amount' in each of the three years 2017/18 to 2019/20, and
 - o 3% for the 'Adult Social Care' precept in each of the two years 2017/18 and 2018/19.
- e) The Fees and Charges for 2017/18, as set out in the Fees & Charges booklet.
- f) Approval is delegated jointly to each Corporate Director with the Chief Finance Officer to amend fees and charges during 2017/18 in the event of any change in VAT rate, as appropriate.
- g) That the minimum level of General Reserve for 2017/18 be retained at £6.0 million, as in 2016/17 (Section 7.2).
- h) The overall Capital Investment Programme level of £109.16 million be approved (as detailed in the Capital Programme & Prudential Indicators report attached) of which £65.73 million relates to 2017/18.
- i) The Prudential Borrowing Indicators as set out in Appendix 3, of both the attached Treasury Management Strategy and Capital Programme & Prudential Indicators reports.
- j) The distribution of Dedicated Schools Grant as recommended by the School Funding Forum and Executive as summarised in Section 8 and detailed in Annex H.
- k) The publication of the Council's updated Efficiency Plan in Annex I.
- l) Due to the late publication of the Final 2017/18 Local Government Finance Settlement, the Council to delegate to the Chief Finance Officer the power to

vary the level of Budget Support Reserve needed to balance the 2017/18 revenue budget in the event of any change at final settlement (as long as this does not impact on the level of general risk reserve retained).

and in approving the above, has taken into consideration :

- a) The objective assessment by the Chief Finance Officer of the robustness of budget estimates and adequacy of the financial reserves (Section 7.3 and Annex G).
- b) The Executive's response to the Scrutiny Committee's recommendations to the budget proposals as included in a separate report on the agenda.
- c) The 'Budget 2017/18 - consultation Process and Feedback' report.
- d) The Equality Impact Assessments in relation to the budget proposals and the Public Sector Equality duty.

In addition, the Council notes the following :

- a) The approval on 18 January 2017 under delegated powers by the Chief Finance Officer of the Council Tax Base for 2017/18 at 74,883 Band D equivalents.
- b) Along with the calculation of the estimated Council Tax surplus, sufficient to release £(1.3 million) to support the Council's 2017/18 revenue budget and a distribution of £(181)k and £(68)k representing the respective shares of the GM Police & Crime Commissioner and GM Fire and Rescue Authority.
- c) The base budget assumptions as set out in the Medium Term Financial Strategy (MTFS) as detailed in Annex A.
- d) Notes the budget gap for the two years 2018/19 £13.19 million and 2019/20 of £6.05 million.
- e) That the Capital Investment Programme for 2017/18, 2018/19 and 2019/20 is to be set at an indicative £65.73 million, £25.51 million and £17.92 million respectively.
- f) The use of capital receipts to fund a number of transformational savings and income generating projects as detailed in Annex I.
- g) That the Council Tax figures included in the report for the GM Fire & Rescue and Police Authority are the recommended provisional amounts pending their formal approval.
- h) The Treasury Management Strategy 2017/20 detailed elsewhere on the agenda.
- i) Notes the final decision with regard to school crossing patrols will not be taken

until the results of the second phase of consultation are concluded and a report to The Executive will then be presented at the appropriate time.

- j) A 'Budget 2017/18 - consultation Process and Feedback' report on the outcomes of the public consultation is included on the Executive meeting budget agenda.

Contact person for access to background papers and further information:

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| | |
|---|--|
| Relationship to Policy Framework/Corporate Priorities | Value for Money. The proposed draft budget for 2017/18 supports all key priorities and policies. |
| Financial | The report sets out the proposed budget for 2017/18, allocating available resource across service objective heads as detailed in Annex F of the report. |
| Legal Implications: | It is a statutory requirement for the Council to set and approve a balanced, robust budget and Council Tax level. Budget proposals take account of various legislative changes as they affect Council services. The Council has begun and will continue to comply with the statutory processes associated with the effect of the proposed budget on staffing levels. If the budget for a directorate is to be exceeded, which will result in a call on reserves, the Executive will need to identify the impact on reserves and when they will be replenished. The Council has carried out a public consultation on its budget proposals. It has taken full account of the feedback in presenting this budget. |
| Equality/Diversity Implications | The Council has complied with the requirements of its Equality Duty and where appropriate an Equality Impact Assessments was undertaken and considered. Those Equality Impact Assessments are published as background papers to this report. |
| Sustainability Implications | None arising out of this report. |
| Resource Implications e.g. Staffing / ICT / Assets | Human Resources – statutory processes have been complied with during the course of these budget proposals in respect of staffing implications. |
| Risk Management Implications | The risks associated with the budget proposal have been considered. |

| | |
|-----------------------------------|--|
| Health and Wellbeing Implications | The Council has complied with the requirements of its Equality Duty and where appropriate an Equality Impact Assessments was undertaken and considered. Those Equality Impact Assessments are published as background papers to this report. |
| Health and Safety Implications | The health and safety implications of the budget proposal have been considered. |

Other Options

The Executive is recommending an overall increase to the level of council tax of 4.99% in 2017/18 comprising the increase of 3% for the 'adult social care precept' to be earmarked for adult social care expenditure and 1.99% general increase in the 'relevant basic amount'.

An alternative option is not to increase council tax but there would be insufficient funding to pay for the Council's services in 2017/18. If this option were pursued then further savings of £4.21 million would need to be identified over and above the significant level of savings already included in this budget report. Alternatively a decision could be made to increase its 'relevant basic amount of council tax' above the levels proposed in this report, however this would exceed the referendum limits, which would mean a local referendum was required.

The use of reserves has been reviewed (See Section 7) and an appropriate amount has been assessed for release to support these budget proposals whilst still maintaining a minimum level of reserves to manage any unforeseen risks. Any further use of reserves is not recommended as it does not provide a sustainable means of balancing the budget.

Consultation

The details and results of the budget consultation exercise are referred to in Section 3.2-3.4 together with the review of the proposals and process by the Council's Scrutiny Committee.

The Public Sector Equality Duty

The Equality Act 2010 requires public authorities to comply with the Public Sector Equality Duty. The public sector equality duty requires public authorities to consider the needs of people who are disadvantaged or suffer inequality when making decisions regarding its service provision and policies.

People who are protected under the Equality Act 2010, have certain protected characteristics. The characteristics that are protected in relation to the Public Sector Equality Duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Public authorities, when carrying out its functions, must therefore have due regard to:

- The elimination of unlawful discrimination;
- The advancement of equality of opportunity between people who have protected characteristics and those that do not; and

- The fostering or encouragement of good relations between people who share a protected characteristic and those who do not.

An Equality Impact Assessment (EIA) is a practical tool which may be used to identify discrimination as it is a process designed to ensure that a policy, scheme or project does not discriminate or disadvantage people. An EIA can be used to identify potential impacts of decisions and also, any mitigating measures. Where relevant and to further assist the Council in its evaluation of the proposals, a number of EIAs were undertaken as part of the evaluation process.

The EIAs were available to officers evaluating the consultation responses and to members of the Executive who will be deciding whether or not to support the proposals contained within the report. Any potential impacts have been identified through the EIA and consultation process. Where any potential impact has been identified consideration has been given to whether measures can be taken to mitigate against these impacts. Mitigation measures are set out within the body of the relevant EIA or are reflected in modifications to the proposals.

In considering the report and deciding whether to accept the recommendations the Executive is also required to have regard to the Public Sector Equality Duty. In order to satisfy this duty the Executive must consider the potential impacts identified in the EIA's and the consultation responses.

Where reasonable and appropriate mitigation measures have been proposed which will offset either wholly or in part the impacts identified. Where mitigating measures are not proposed, countervailing factors, namely the significant budgetary pressures facing the Council and the need to make improvements and efficiencies to the services concerned are considered to provide justification for the measures

Reasons for Recommendation

To enable the Council to set a Budget Requirement and Council Tax level for 2017/18. The reason for these recommendations is to deliver a balanced budget 2017/18 in relation to the proposals set out in this report, whilst having due regard for equality impact and risk mitigation.

Key Decision

This is a key decision currently on the Forward Plan: Yes

Finance Officer Clearance GB.....

Legal Officer ClearanceMJ.....

CORPORATE DIRECTOR'S SIGNATURE



.....
To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.



TRAFFORD
COUNCIL

**Executive's
Revenue Budget
Proposals 2017/18 &
2018/19-2019/20 Medium
Term Financial Strategy**

22 February 2017

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FOREWORD by the EXECUTIVE MEMBER for FINANCE COUNCILLOR PATRICK MYERS

The budget proposals contained in this report are the 8th since austerity began in 2010. Throughout this period the Council has been committed to delivering value for money services and a low council tax. Trafford currently has the lowest council tax in the North West and also has the lowest council tax of any Metropolitan District in England.

This has only been achieved by a strong culture of financial management across all services. The Council also has a strong ethos of collaboration and working in partnership to strengthen our local and organisational resilience. As in recent years it is important to remind ourselves of the strengths of the borough and the many achievements of the Council.

Trafford has a robust economy and its population, of just over 230,000, is highly skilled / educated with 49% qualified at NVQ4 and above compared to the Greater Manchester (GM) average of 34%. The borough has the highest productivity rate per head in GM and the highest Gross Value Added (GVA) outside of Manchester producing £7 billion p.a. The number of Trafford residents in employment is 123,300 and is predicted to increase by 9% over the next 10yrs.

With our partners we have won several awards for our innovative and collaborative work across the recently reviewed and refreshed Trafford Partnership, which represents all sectors including the faith community, is a powerful force to enable partners to work differently and galvanises communities to take the lead in their local areas.

In 2016 we were a national finalist in the MJ Awards for 3 categories, Local Authority of the Year, Senior Leadership Team and for our Locality Working programme which is supporting behaviour change amongst our residents and the Council received a commendation in the North of England Excellence Awards. The Partnership has also established a new integrated governance framework for Reform which is driving forward fundamental change across sectors and services in order to reduce demand and ensure we provide services more collaboratively and more effectively in the best interests of the residents of Trafford.

Trafford was also announced joint winner of the NHS Health Education England Learning Together in Health and Social Care Projects Award for its innovative integrated working project called i-Care. The award recognises the bold and ambitious journey the authority took to re-shape itself and change the way its people work, including how it operates with key partners from the NHS and other agencies.

As a Council, we have been recognised at a national level for our employment and equality initiatives, employee relations and quality of apprentices.

Our Children's Services were rated by OFSTED as good with outstanding features citing 'many examples of innovation, hard work and determination demonstrated by elected members, officers and workers at all levels to ensure that vulnerable children and families get the best possible service';

95.1% of Trafford pupils attend schools which are rated as “good” or “outstanding”, which puts us in the top 10 local authorities nationally, at both primary and secondary level. 2015 figures show that Trafford is ranked 6th nationally for Key Stage 2, 3rd nationally for GCSE and 3rd nationally for A Level results.

Work is continuing to implement the strategic frameworks for all the town centres including the Stretford Masterplan, Sale Town Centre Improvement Plan and Altrincham Strategy. The Council is committed to the sustainability of its main town centres and has completed the first phase of the comprehensive public realm improvement works in Altrincham, while the second phase (phase 2a) encompassing Stamford New Road to Regent Road will be completed in 2017. The first phase of exciting proposals for public realm improvements in Stretford Town Centre is scheduled to start in March 2017. The Council supported 6 new businesses to take vacant premises in the town centres through the innovative Town Centres Loan Scheme, which levered c.£293,000 of private sector investment and created 35 jobs. Through these efforts, the overall vacancy rates in the town centres fell to 11.1% (December 2016).

The Council delivered, in partnership with the private sector, the borough's first Business Improvement District for Altrincham which will generate c.£1.5 million over 5yrs to support business growth and attract spend and investment.

The Council also, in partnership with the Manufacturing Institute, Trafford College and Trafford Housing Trust, delivered the borough's first Fab Lab to encourage residents and businesses to utilise technology, develop prototypes and products, start businesses and develop skills.

- Through direct service delivery and effective partnership working the Council has maintained performance and quality standards even at a time of significant change, increasing demand and reducing resources:-
 - Supported 173 residents into employment through the innovative Trafford Pledge, matching unemployed people with local employers.
 - Directly supported 205 local businesses to access advice and support from a range of local, sub-regional and national organisations.
 - Successfully delivered local elections and the Referendum in 2016.
 - Maintained 'Bronze' status under the government's homelessness gold standard challenge (i.e. the first step in the process) and has completed and submitted the next challenges to be awarded 'Silver' standard.
 - Reduced average major planning application processing times by half.
- When the budget proposals are discussed and debated the focus tends to be on what financial savings are to be made. Whilst this is important, we should also consider what services we continue to deliver. Some of these include:-
 - 106,732 visitors to Waterside Arts Centre selling more than 40,500 tickets and receiving over 3,500 school children,

- The Arts Centre launched the first Summer Family Festival event in July 2016 and a Trafford Live (Celebrating Your Community) event was held at the Town Hall in early October.
 - Determined more than 2,700 planning applications, which will grant permission for nearly 4000 new homes.
 - Maintain 40 public parks covering 243 hectares, with 7 parks currently achieving the prestigious Green Flag status.
 - Continue to collect grey general waste bins on a fortnightly cycle, emptying approximately 30,000 bins of household rubbish every day.
 - Remove approximately 3,700 tonnes of street sweepings and litterbin waste from our streets and open spaces every year.
 - Protecting expenditure on the youth provision through the establishment of an independent Youth Trust.
 - Recycle over 60% of domestic waste making Trafford the best performing district in Greater Manchester and the highest performing metropolitan districts in the country; 6th of all councils.
- Furthermore, the Council continues to respond to the financial and service demand challenges by focussing on developing a broad spectrum of initiatives designed to provide multiple opportunities for cost reduction and service improvement. Since the last budget the Council has:-
 - Seen our “Be Bold Be the Difference” campaign encourage hundreds of residents to get more active in their community, enabled by 150 front-line staff trained in community building (in addition to the 300 trained in 2015) and over 1,500 residents got involved in our community voting events to allocate council grants, with 45 groups now being supported to deliver new innovative community projects
 - Introduced a premium planning application service to deliver robust planning decisions within challenging timescales.
- The Council also continues to invest and support key initiatives in the borough and wider sub-region including:-
 - Planning the implementation of a £24 million investment in a new Leisure Strategy for Trafford
 - Contributing to the new Trafford Park Metrolink extension to the Trafford Centre.
 - Taking forward the Future Carrington scheme in partnership with HIMOR to ensure first phase planning application submitted (725 homes and 1m sq.ft new employment space) and future phases that will in total deliver up to 11,500 new homes, 8m sqft of new employment floor space and create c.14,000 new jobs on land owned by HIMOR and other parties.

- Fully supporting the development of the GM Strategic Framework that will set GM's employment and residential growth targets for the next 20 years.
- Four new library buildings to be provided by the end of 2018 at Altrincham, Old Trafford, Hale and Timperley.
- Working with AGMA to improve service delivery and enhance customer experience e.g. one library card.
- Limelight - Shrewsbury Street, Old Trafford – £18 million new community hub with extra care housing, library and health centre.
- Major public realm works in Altrincham town centre and Stretford.
- Providing an upgrade to all our Public Realm CCTV cameras and a new 24 hour control room in partnership with Salford City Council.

As stated earlier the budget proposals contained in this report are the 8th since austerity began in 2010. Over this period the Council has had to bridge budget gaps each year as a result of reduced funding and cost pressures totalling £136.11 million of which £112.82 million was met from efficiencies, income and policy choices. This has been no easy challenge for a low funded, low tax authority like Trafford. The next three years will not provide any respite with the budget gap now estimated to be £47.71 million.

In recent years we have approached the budget position positively and transformed and reshaped our services. Our long term vision for the future is that:

No one will be held back and no one left behind

and our future strategy holds this at its core. A new place based strategy is under development guided by two key principles around:-

- People - The Council will help residents to help themselves and each other
- Place - To create a place where people want to live, stay, learn, work & relax

A number of key work streams will be developed over the next few years to ensure Trafford is able to meet the challenge with our partners and create a sustainable borough. The conversation we have to have with the residents of the borough, customers and partners is how we can further transform the services our communities rely on and provide them in different ways.

The proposals in this report are following the subsequent outcomes of feedback from consultation with stakeholders, staff and scrutiny and revised recommendations which are now put forward for member's approval.

Since the draft budget was presented to the Executive on 15th November 2016 there have been a number of factors which have contributed towards an overall increase in the funding gap from £22.17 million to £25.37 million in 2017/18 and over the next three years from £42.09 million to £47.71 million.

| Movement in the Budget Gap | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | Total £'000 |
|--|--------------------------|--------------------------|--------------------------|------------------------|
| Funding Gap (Draft Budget Nov16) | 22,165 | 10,692 | 9,237 | 42,094 |
| Adults: Additional Pressures e.g. reducing the delayed transfers of care, increasing care requirements | 2,292 | 0 | 0 | 2,292 |
| Adults: Deprivation of Liberty Safeguards Assessments (DOLS) | 250 | 0 | 0 | 250 |
| Children's Placements | 1,800 | 0 | 0 | 1,800 |
| Social Care Transport | 250 | 0 | 0 | 250 |
| Other: Minor Service Pressures & Contingency Items (incl. Treasury Management, National Living Wage Assumption, Changes to Grant Allocations etc...) | (348) | 1,188 | (537) | 303 |
| Cost Pressures & Investment Updates | 4,244 | 1,188 | (537) | 4,895 |
| Increase in Council Tax Base | (764) | (11) | (12) | (787) |
| Business Rates Updates | (275) | 1,908 | (130) | 1,503 |
| Funding Updates | (1,039) | 1,897 | (142) | 716 |
| Revised Funding Gap (Feb17) | 25,370 | 13,777 | 8,558 | 47,705 |

The 2017/18 funding gap of £25.37 million has been met from a combination of the following:

- Income generation and savings amounting to £15.57 million comprising:-
 - Income Generation:
 - The continuation of existing income generating projects of £430k and
 - New proposals which are projected to generate £1.77 million.
 - Transformational Service Delivery Savings:
 - The continuation of existing savings programmes of £8.80 million and
 - New savings proposals amounting to £4.57 million.
- Additional funding and use of reserves amounting to £9.80 million comprising:-
 - Council tax of £4.21 million, comprising
 - £1.68m from an increase in the 'relevant basic amount' of Council Tax of 1.99%, and
 - £2.53m from an increase of 3% in respect of the 'adult social care precept'

For a band D property in Trafford this equates to an increase of £1.08 per week or £56.25 per annum.

- Business rates of £1.16 million, due to revisions in assumptions following updates being provided by Department of Communities and Local Government on multiplier rates & Valuation Office Agency update on the new 2017 Rating List.
- Collection Fund surplus of £1.37 million, split between £1 million Council Tax and net £375k Business Rates.
- The use of the budget support reserve, which has been set aside for this purpose, of £3.06 million. This gives us a temporary one year smoothing effect which defers savings to 2018/19.

| Summary of the Reduction in the Revised Funding Gap | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|--|--------------------------|--------------------------|--------------------------|
| Revised Funding Gap | 25,370 | 13,777 | 8,558 |
| Efficiencies | (180) | 0 | 0 |
| Income | (430) | 0 | 0 |
| Policy | (8,613) | (250) | 0 |
| Full Year Effect of 2016/17 Proposals | (9,223) | (250) | 0 |
| Efficiencies | (2,921) | (78) | 350 |
| Income | (1,772) | (335) | (510) |
| Policy | (1,651) | 268 | (261) |
| Funding & Reserves | (9,803) | (195) | (2,085) |
| 2017/18 Proposals | (16,147) | (340) | (2,506) |
| Total Budget Gap | 0 | 13,187 | 6,052 |

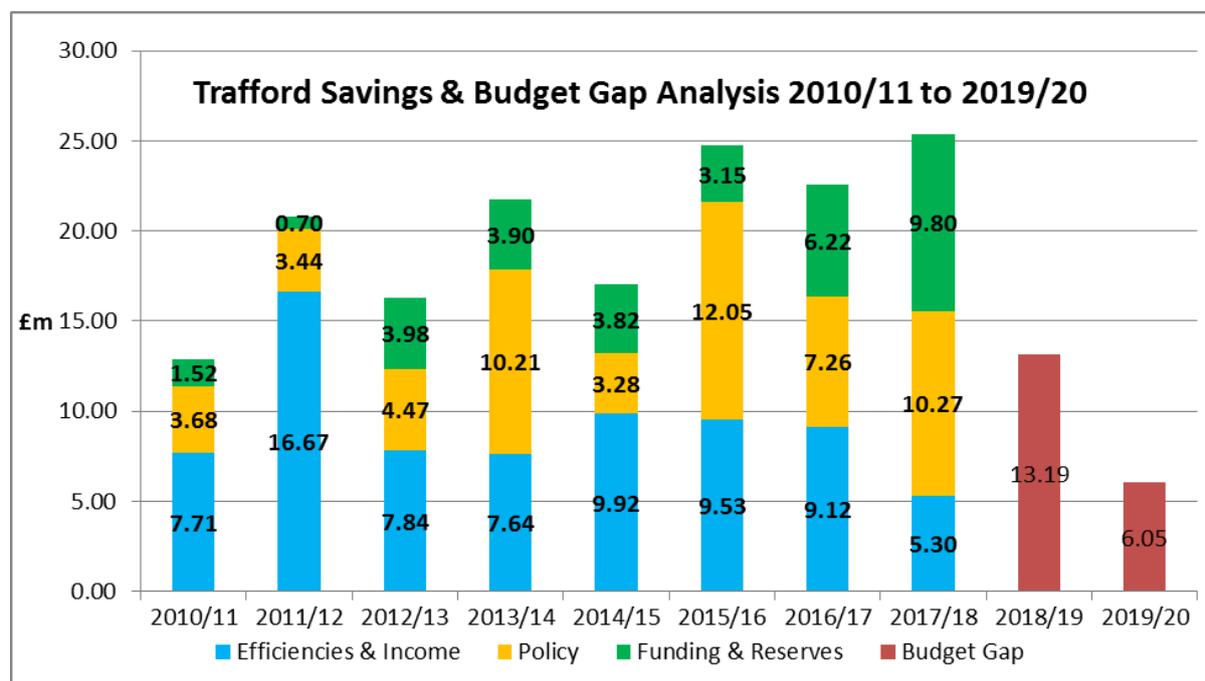
Despite the increasing difficulty in setting a balanced budget for 2017/18 it is worth highlighting some of the significant new investment both revenue and capital included in these budget proposals:-

- An increase in the level of demographic funding on our social care services of £7.0m coupled with £2.4m to cover the cost of adaptations and assistive technology to assist people to live in their own homes
- Provision of additional places in our primary schools £2.5m
- The first phase of improvements to our leisure centres £6.5m
- Improvements to our highways £3.2m
- Improvements to parks infrastructure and play area refurbishments £0.4m
- Investment in new technology £1.3m

At the draft budget stage the level of income generation and savings identified were not sufficient to meet the budget gap of £2.02m in 2017/18, a summary of how this budget gap at draft budget stage has now been met is shown in the table below.

| Balancing the Budget Gap (Draft to Final) <i>(A Breakdown is Provided in Annex B)</i> | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Budget Gap at Draft Budget (Nov16) | 2,022 | 9,145 | 4,825 |
| Cost Pressures & Investment Updates | 4,244 | 1,188 | (537) |
| Savings & Income Proposals Updates | (1,731) | 450 | 350 |
| Funding Updates | (1,039) | 1,897 | (142) |
| Additional Funding | (3,238) | 249 | 1,556 |
| Additional Use of Reserves | (258) | 258 | 0 |
| Final Budget Gap After Proposals (Feb17) | 0 | 13,187 | 6,052 |

Whilst this budget gap has now been closed for 2017/18 the size of the challenge over the following two years remains significant. For that reason the budget process for 2018/19 will commence immediately such that sufficient time is afforded to consider all options at an early stage.



Councillor Patrick Myers

Executive Member for Finance

1. FINANCIAL BACKGROUND

1.1 Background

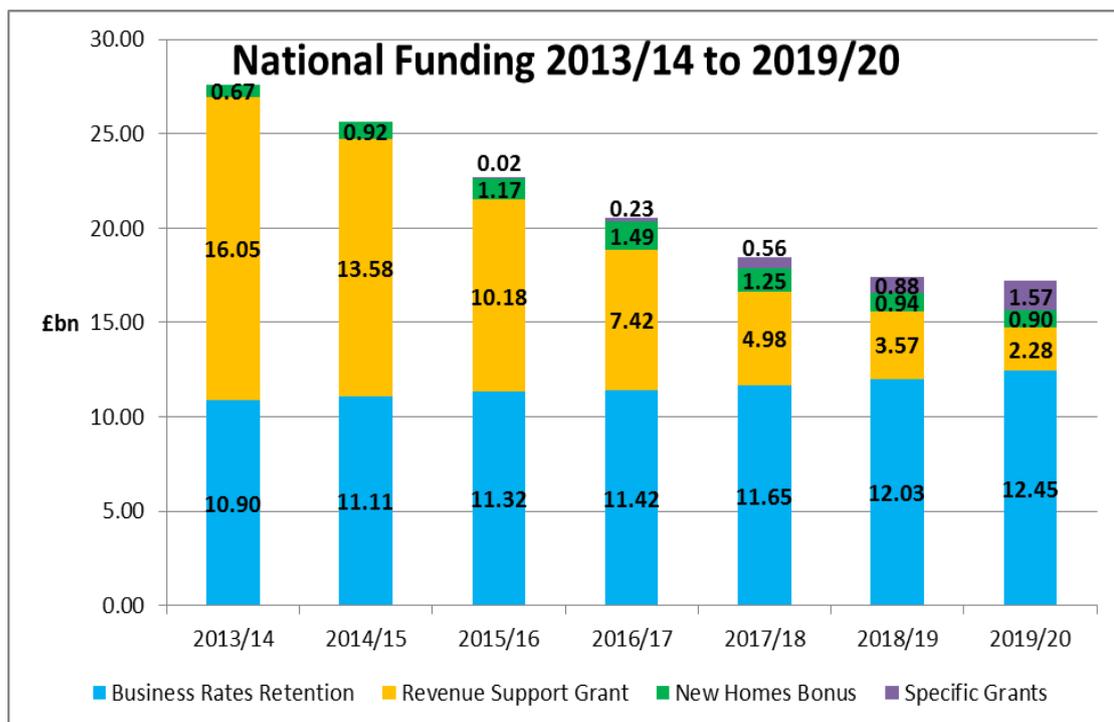
1.1.1 Since 2010 the Government has reduced the funding for Local Government and in the November 2015 Spending Review announced plans to completely phase out Revenue Support Grant (RSG) by 2020, paving the way for the implementation of 100% Business Rate Retention scheme.

1.1.2 To provide funding certainty & stability over the period to 2020, in the December 2015 Provisional Finance Settlement the Secretary of State offered councils the option to accept a four year funding settlement for the period 2016/17 to 2019/20 on the condition that councils produce an efficiency plan to be published by 14th October 2016. This offer was later confirmed by letter, after a consultation period, on 10th March 2016.

1.1.3 On the 19th September 2016 the Executive approved that the Council accept the four year funding settlement and the publication of the Efficiency Plan. The medium term minimum funding guarantee not only safeguards the Council against further reductions but provides certainty to enable the Council to make longer term transformational and growth plans both within our organisation and in collaboration with our partners. An updated efficiency plan can be found in Annex I.

1.2 Provisional 2017/18 Local Government Finance Settlement

1.2.1 The provisional 2017/18 Local Government Finance Settlement was released on the 15th December 2016 which provided updates to the national funding figures to 2019/20.



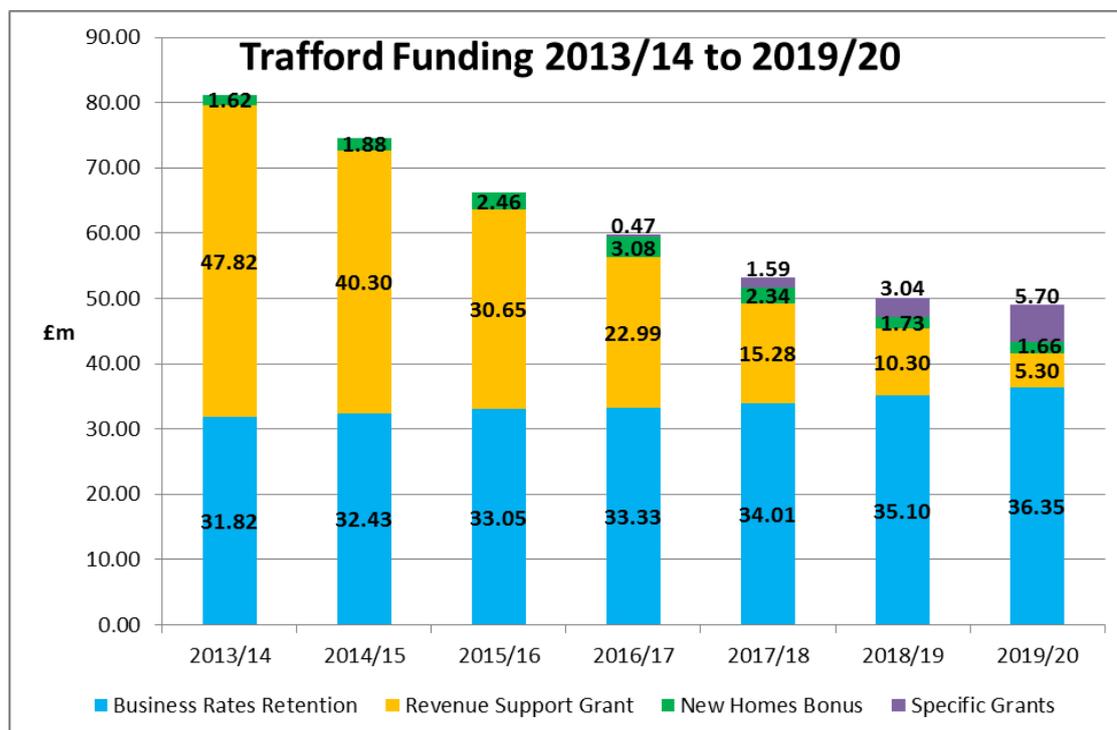
1.2.2 When comparisons are made with funding levels at the inception of the Business Rates Retention scheme in 2013/14 it highlights funding reducing from £27.6bn to £17.2bn (38%) over the period, with RSG being the main contributor.

1.3 Council Position

1.3.1 The Provisional 2017/18 settlement figures re-confirmed those originally offered in accepting the four year settlement and can be found in the table below:

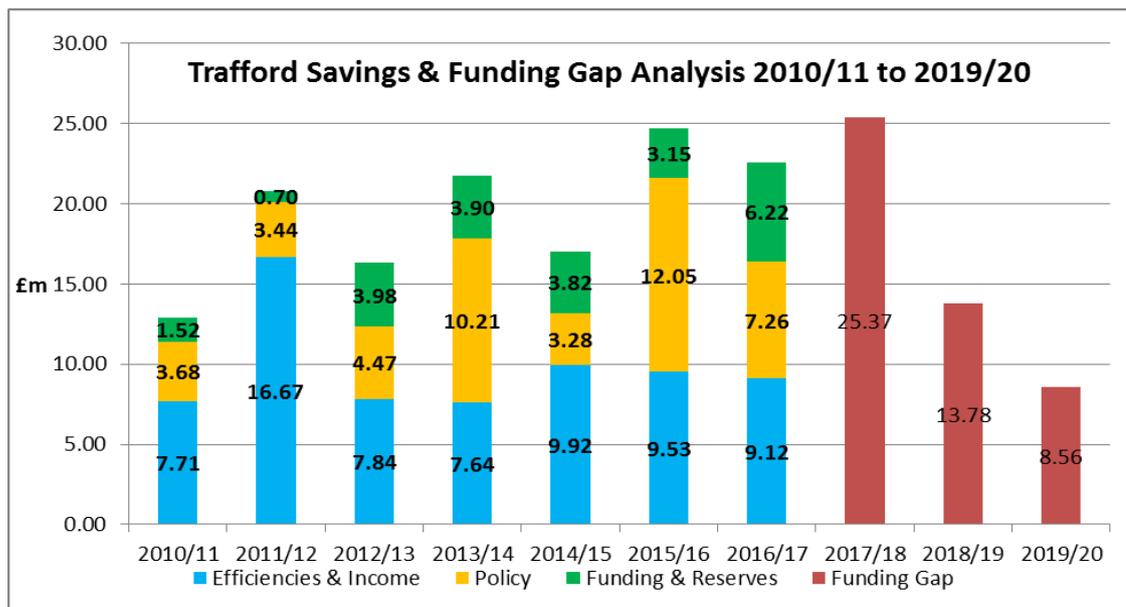
| Table 1: The Funding Offer | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Revenue Support Grant | 22,989 | 15,276 | 10,303 | 5,299 |
| Transitional Grant | 465 | 458 | 0 | 0 |
| Rural Services Delivery Grant | 0 | 0 | 0 | 0 |
| Total | 23,454 | 15,734 | 10,303 | 5,299 |

1.3.2 When making comparisons to the national funding figures above, Trafford funding over the same period 2013/14 to 2019/20 is set to reduce by £32.24m or 40% which is 2% above the national average.



1.3.3 Trafford Council is a high performing, low spending council providing excellent, value for money services and has risen to the challenge presented by the effects of the austerity agenda, rising demand levels and funding reductions over the years since 2010.

1.3.4 Since 2010/11 the Council has successfully delivered £96.44m of savings and the current year 2016/17 budget includes a further £16.38m of savings. These are being delivered through a mixture of income generation, in-house efficiencies and the transformation of services and service delivery. Over the next three years the Council is tasked with closing a funding gap which now stands at £47.71m.

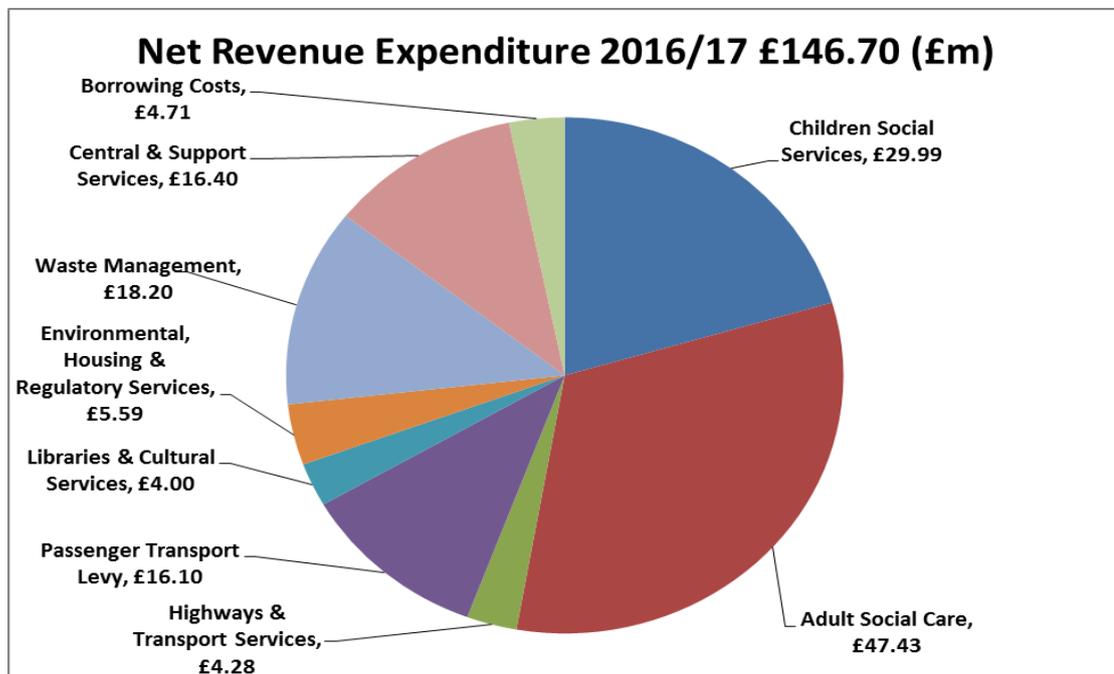


2. 2016/17 BASE BUDGET & MONITORING POSITION as at PERIOD 8 (November 16)

2.1 Base Budget 2016/17

2.1.1 The Council's gross budget for 2016/17 is £423 million however this includes specific funding of Dedicated Schools Grant, Housing Benefit and Public Health. The Council's net controllable budget agreed by Council in February 2016 was £147.32m.

2.1.2 As Trafford will be part of the 100% business rates retention GM pilot from April 2017, in preparation it has been necessary to re-align some business rates related budgets (i.e. section 31 grants and GM Pool Levy/Rebates) totalling £623k to funding, although this is merely presentational it does result in both the net budget and funding reducing for 2016/17 to £146.70m, these changes will take effect from period 10 (January 2017) monitoring.



2.1.3 Which includes some of the following:

➤ Adult Social Care

- Supported over 3,700 residents with a care package
- Provided services to 4,913 users and 5,867 carers
- Provided information and advice to support carers with over 11,000 contacts to the carer helpline
- Provided over 800,000 hours of external home care support

➤ Children's Social Services

- Supported 3,393 clients

➤ Economic Growth, Environment & Infrastructure

- Maintained over 500 miles of roads and footpaths.
- Maintained over 27,500 lampposts and 4,500 items of illuminated street furniture.
- Responsible for 18,000 highway trees and 50,000 trees within public parks and open spaces
- Remove approximately 6,000 tonnes of street sweepings per month and 500 tonnes of litter from approximately 1,200 waste and litter bins (streets and parks).
- Empty approximately 30,000 bins of household rubbish every day.
- Support and regulate over 5,000 premises for food, health and safety, trading standards, pollution and licensing and maintain other health and safety initiatives.
- Manage parking restrictions on street and off street across the borough with 1,700 car park spaces in 22 off street car parks
- Licence and regulate approximately 2,400 premises, people and taxis within the Borough.
- Carry out over 4,500 pest control treatments in homes, schools and businesses across the borough.

➤ Transformation & Resources

- The Council continues to collect over 97% of Council Tax remaining the highest in GM which supports the Council's financial resources.
- The Council's customer contact service deal with over 330,000 telephone enquiries per year. In 2016/17, the Contact Centre target is to answer 80% of telephone calls within 20 seconds.
- The Catering Service serves on average 15,000 meals per day, over 2.85 million meals per year.
- The authority has one crematorium and five cemeteries and the service undertakes approximately 1,700 cremations and 600 burials per year.
- The Council continues to promote openness and transparency and our Council meetings have received over 9,000 online views.
- During 2015/16 106,732 visitors to Waterside Arts Centre selling more than 40,500 tickets and receiving over 3,500 school children.
- Provision of the Council's in-house professional services of HR, Legal, IT & Finance
- Facilitates and supports the award winning Trafford Partnership.
- Provision of wedding facilities at Trafford Town Hall.

2.2 Revenue Budget Monitoring 2016/17 Period 8 (November 16)

2.2.1 Delivery of the 2016/17 budget is critical to maintaining the Council's budget proposals and future MTFS. The period 8 (November 2016) revenue budget monitoring report forecasts a small underspend of £670k as follows:

| Table 2: Budget Monitoring results by Service | Forecast Variance (£'000) | % |
|--|----------------------------------|---------------|
| Children's Services | 2,389 | 8.1% |
| Adult Services (incl. Public Health) | 380 | 0.8% |
| Economic Growth, Environment & Infrastructure | (394) | (1.2)% |
| Transformation & Resources | (897) | (5.3)% |
| Total Service Budgets | 1,478 | 1.2% |
| Council-wide budgets | (2,148) | (9.9)% |
| Forecast outturn | (670) | (0.5)% |
| | | |
| Dedicated Schools Grant | 492 | 0.4% |

2.2.2 The current in-year variations contain a number of items with those notable items listed below which has been considered in determining the budget proposals for 2017/18:

- Children's Services - additional cost of children's care packages.
- Adult Services - a combination of higher levels of care being required and the number of new entrants.
- Council-wide - recovery of prior-year(s) housing benefit overpayments, reduction in business rates levy payment and a review of balance sheet.
- Staff vacancies - which are in the process of being filled.

2.2.3 The significant demand led pressures being placed on the Children's Service placement budget are being addressed in the current year predominantly through the use of one-off savings within Council-wide budgets and brought forward service earmarked reserves. However, the recurrent nature of this pressure is likely to continue into 2017/18 and the implications from this have been factored into the revised funding gap in section 4.2 and discussed in section 4.3 of this report.

3. BUDGET PROCESS 2017/18

3.1 Budget Approach 2017/20

3.1.1 The draft budget for 2017/18 was agreed by the Executive on 15th November 2016 and set out the overall approach to the budget to address a funding gap of £42.09m over the next three years, of which £22.17m related to 2017/18.

3.1.2 In recent years the Council has had to adopt innovative approaches in order to address the significant budget pressures it faces and the Council's Reshaping Trafford approach has been further adapted for this budget process to address the gap in the budget for 2017/18 to 2019/20.

3.1.3 The long term vision for the future is that ***no one will be held back and no one left behind*** and our future strategy holds this at its core.

3.1.4 The Executive aims to shape a borough which acknowledges that it is made up of different places and enables each to flourish and be confident in their own identity. It will be a thriving borough everywhere and an attractive place to live. The key outcomes include:-

- Trafford will have thriving communities where people choose to live and which retain their own unique identity across the whole of the Borough.
- Businesses will thrive in all areas, creating sustainable employment for all working age people.
- No place will be isolated because the road network and public transport infrastructure will connect all our places.
- Young people will have access to good quality education that prepares and enables them to develop the skills they need to access good quality jobs.
- The sport, recreation and retail offer will help to define the unique nature of these places, which complements the wider offer across the borough whilst promoting healthy lifestyles and regular exercise.
- Young couples and families will want to live in these areas because they have good quality housing, access to good quality schools and they are well connected to transport links.
- People will be enabled to take full responsibility for their health and wellbeing. They will partake in regular exercise and narrow the healthy life expectancy gap, living independently within their communities.

3.1.5 As part of this work a placed based strategy has been developed based around two guiding principles which will see the Council work with partners to ensure services are delivered in the most efficient and effective manner:-

- People - The Council will help residents to help themselves and each other
- Place - To create a place where people want to live, stay, learn, work & relax

3.1.6 This strategy which continues to evolve currently has seven key interventions and the savings and income proposals in this budget report have been themed around these, albeit a number of the themes will take time to develop.

- Creating a national beacon for sports, leisure and activity for all, making Trafford a destination of choice
- Accelerate housing and economic growth
- Redesigning services
- One Trafford - being responsible, being bold, being healthy
- Optimising technology to improve lives and productivity
- Building on excellent education outcomes - developing a wider education and skills offer that better connects people to jobs
- Mersey Valley becomes a significant visitor attraction that connects the North to the South of the Borough.

3.1.7 As with previous budget rounds the Executive continued the approach of growth, charging and saving to balance its overall budget. The first two themes were a priority for the Executive as the creation of new income into the Council will avoid the equivalent amount having to be found from service budgets and thereby minimise adverse impacts on residents and businesses in the borough.

3.1.8 To balance the budget a number of income generation and savings totalling £14.00m were identified and assumptions were made on increases to the rate of council tax and one-off use of reserves. At draft budget stage a budget gap of £2.02m remained and this formed the basis of public consultation.

| Table 3: Draft Budget Report Summary | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|--|--------------------------|--------------------------|--------------------------|
| Original Funding Gap | 22,165 | 10,692 | 9,237 |
| Less Social Care Precept (as per budget report February 2016) | (1,682) | (1,732) | (1,783) |
| Remaining Funding Gap | 20,483 | 8,960 | 7,454 |
| Less Savings from existing programmes | (9,346) | (250) | 0 |
| New Savings and Income Proposals | (4,650) | (635) | (811) |
| Increase in Council Tax (general increase of 1.99%) | (1,665) | (1,730) | (1,818) |
| Net Budget Gap | 4,822 | 6,345 | 4,825 |
| Use of Budget Support Reserve | (2,800) | 2,800 | 0 |
| Total Budget Gap | 2,022 | 9,145 | 4,825 |

3.1.9 Since the draft budget which was approved by the Executive on 15th November 2016 there have been a number of factors which have impacted on the overall budgetary position:-

- Impact of public consultation
- Staff Consultation
- Scrutiny
- In-year monitoring position
- General review of budget assumptions
- Local Government Financial Settlement

3.2 Budget Consultation

3.2.1 There is a separate 'Budget 2017/18 - Consultation Process and Feedback' report on the Executive meeting budget agenda detailing the consultation process in relation to the 2017/18 budget proposals which included two public consultation events, each webcast live, and an online survey. The theme of the consultation was about, "Taking the Trafford Pound Further" and greater emphasis was placed on the use of social media for the duration of the consultation and residents, businesses and staff had the opportunity to complete the online survey.

3.2.2 The report also identifies the findings and outcomes of the exercise which at this stage is not expected to have any material impact on the savings included in the draft budget report with the exception of proposal around the transfer of maintenance to bowling clubs which will no longer go forward as part of these budget proposals, but will be subject to a further review as part of the overall leisure strategy.

3.2.3 With regards to the council's proposal to find alternative funding for school crossing patrols, a second phase of consultation will be undertaken prior to the implementation of any change to the current arrangements. The Council remains committed to seeking alternative funding sources which, if found, would allow the retention of schools crossing patrols. Whilst the savings target for schools crossing patrols remains in the savings proposals for 2017/18, in the event that they cannot be delivered following the second round of consultation then the impact will be met from the Council-wide contingency budget. The outcome of the second phase of consultation will be reported to a future Executive.

3.2.4 In order to assist the evaluation of the budget proposals and to ensure that the Council paid due regard to its duties under the Equality Act, a number of Equality Impact Assessments (EIAs) were carried out as part of the evaluation process to ensure that due consideration was given to those with the protected characteristics and the likely impact of the proposals on each of these groups.

- 3.2.5 The EIAs are not finalised until the end of the budget process because the feedback from any consultations held, which may relate to the equality impact on a group or groups with a protected characteristic, has to be considered in the final decision-making process. The considerations relating to equalities may be significant enough to influence the final decision and shaping of the business proposal. To pre-empt this by completing the EIA earlier, could lead to a judicial review.
- 3.2.6 The Executive is required to have regard to the Public Sector Equality Duty and in order to satisfy this duty the Executive must consider the potential impacts identified in the EIA's and the consultation feedback which is included in the 'Budget 2017/18 - Consultation Process and Feedback' report.

3.3 Scrutiny Review

- 3.3.1 The Leader of the Council gave a presentation to the Scrutiny Committee on 16th November 2016 setting out the budget proposals. Two Budget Scrutiny Working Group sessions were then held during December 2016 with relevant Executive Members and senior officers attending to give background to the budget proposals and answer questions.
- 3.3.2 Scrutiny Committee comments were submitted to the Executive on 23rd January 2017 in the 'Overview and Scrutiny Review of the Executive's Draft Budget Proposals for 2017/18' report
- 3.3.3 The report identifies that Scrutiny Members feel that there are three key, crosscutting areas where the Executive needs to satisfy itself of the robustness of the proposals. These are:
- £2m budget gap
 - Risk assessments (savings delivery risk)
 - Ensuring that forward projections for demand led services are robust
- 3.3.4 Scrutiny Members have also identified a number of specific areas of the proposals where they felt more information was required on how these savings would be achieved and managed. These include:
- Parking Fees
 - School Crossing Patrols
 - Waste Management
 - Grounds Maintenance (Bowling Greens)
- 3.3.5 The Executive's response to the Scrutiny Committee issues and recommendations can be found in a separate report elsewhere on the Executive meeting budget agenda.

3.4 Staff Consultation – Terms and Conditions

- 3.4.1 For the period 2017/18, formal consultation has taken place with respect to a proposal to implement 1.5 days mandatory leave for a further temporary period of 12 months, April 2017 to March 2018.

- 3.4.2 The period of statutory consultation was aligned to the main consultation on the budget; it commenced on 7th November 2016, with the issue of a S.188 notice to the recognised trade unions and concluded on 3rd January 2017.
- 3.4.3 During this period, there were four formal collective consultation meetings involving Elected Members, Senior Managers and trade union officials. The purpose of these meetings was to discuss the proposal, receive feedback and try to reach a collective agreement.
- 3.4.4 Taking account of the feedback received, the proposal is that the scheme will be extended for one further year, until 31st March 2018.
- 3.4.5 A more detailed 'Staff Terms and Conditions' report can be found on the agenda for the Employment Committee dated 16th January 2017, who approved the recommendation around the changes to and extension of mandatory unpaid leave.
- 3.4.6 At this stage the impact of the overall budget process on jobs is not clear as the transformation projects across the Children Families and Wellbeing directorate are still in progress. Where there are any proposed changes or reductions, full consultation will take place with trade unions and the workforce.

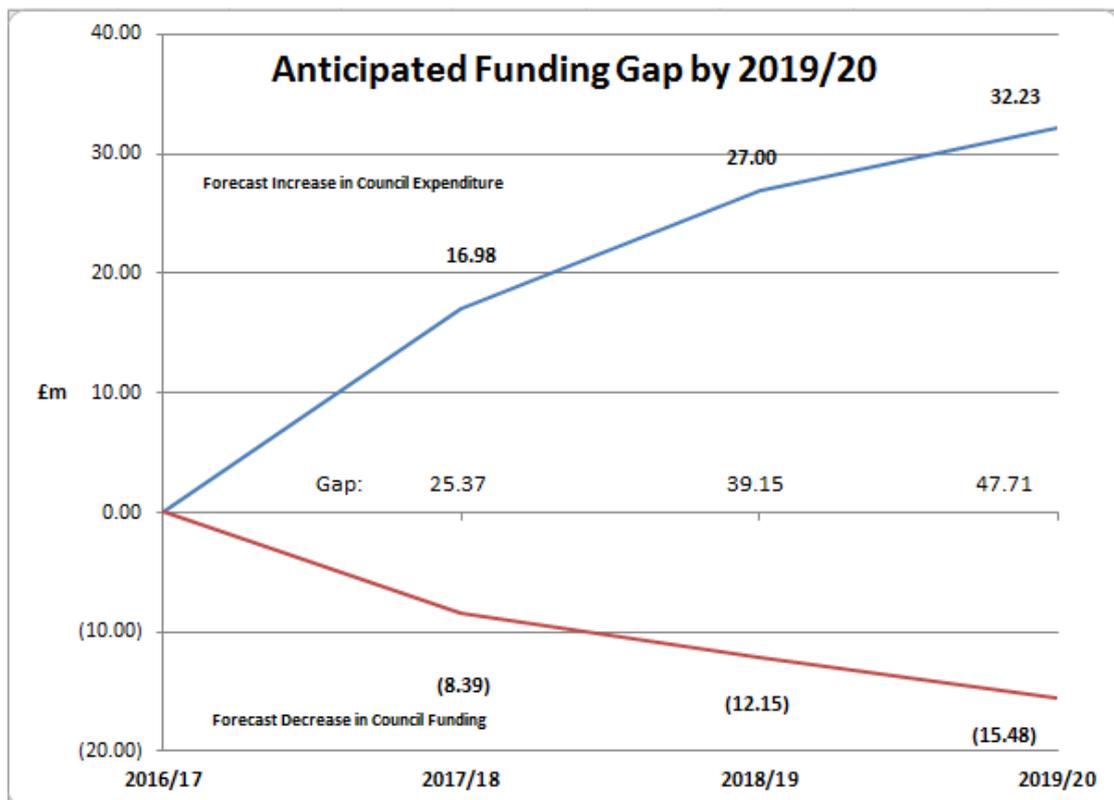
4. BUDGET UPDATES 2017/18 and MTFS 2018/20

4.1 This section identifies:-

- The overall funding gap for 2017/18 and later years and explains the changes since the draft budget was published in November 2016.
- How the funding gap has been closed for 2017/18.

4.2 Updated Annual Funding Position

4.2.1 The MTFS position reported to the Executive in the November 2016 Draft Budget Report showed an overall funding gap for 2017/18 to 2019/20 of £42.09m, however due to the in-year demand being experienced within Adult and Children Services, the release of the 2016 Autumn Statement and provisional 2017/18 Local Government Finance Settlement, and updates to policies, assumptions and estimates, the funding gap for the three years has now increased by £5.62m to £47.71m, as shown in the chart below:



4.3 Updated Cost Pressures, Investment and Funding Summary

4.3.1 Cost pressures and investment:

Adverse variance of £32.23m over the next three years, the main features are detailed below with a summary of budget assumptions shown in Annex A:

- Pay: includes a provision for a 1% pay award; and an increase in the employer's pension rate which has now been reduced from 1% to 0.5% due to the rate now being confirmed at 20.9% for the next three years.

- Inflation: relates to non-staffing budgets and includes a general allowance of 2%; plus other contractual inflation. An inflation freeze has now been applied on all non contractual budgets in 2017/18.
- Living Wage: the allowance of £5.70m has now been reduced by £600k due a lower than anticipated 2017/18 rate being confirmed in the 2016 Autumn Statement.
- Levies: allowances for waste disposal, transport and Environment Agency (flood defence).

In 2017/18 the waste levy will increase to £22.97m compared to £14.36m in 2016/17.

The reason for this seemingly large increase is that the Greater Manchester Waste Disposal Authority needs to make an investment of up to £77.7m in order to implement a long term savings programme which will see savings to the levy in future years. The effect of this large increase has been managed at a GM level by a proposed reduction of the same amount in the transport levy.

- Demography: an annual budget increase to reflect the increasing number of adults & children requiring social care of £4.50m and increasing number and cost of looked after children of £2.50m, which includes an additional £700k due to increased demand being experienced in 2016/17. As section 2.2 states the latest monitoring shows further increasing pressures on demand led placements budgets therefore a further £4.34m has been built into the budget since draft budget stage.
- New Income: an allowance for the Council's share of the additional funding of £1.5bn the Government is providing for the improved Better Care Fund and New Adult Social Care Support Grant.
- Expected Grant Reductions: allowance for reductions in the Public Health grant; the phasing out of the Education Services Grant by September 2017, the earlier than expected reduction in New Homes Bonus to four year allocations and a reduction in DSG recharge.
- Treasury Management: includes investment interest and borrowing costs, which have been updated to reflect the lower interest rate and the revised approach to the application of the MRP policy.
- Other: includes allowances for other minor service pressures & contingency items.

Overall increase in the estimate of budget pressures in 2017/18 since the November draft budget is £4.24m

4.3.2 Funding:

An overall adverse variance of £15.48m over the next three years, the main feature being the reduction in RSG which is being partially offset through an increase in the Council Tax base and a growth in Business Rates as detailed below:

- Council Tax: the 0.5% allowance for the estimated increase in the Council Tax base has now been uplifted to 1.4% primarily due to a reduction in the cost of the Council Tax Support Scheme.

Taking this into consideration The Chief Finance Officer, in accordance with her delegated powers, has approved a Tax Base of 74,883 Band D properties for 2017/18, an increase of 1,039 from 2016/17. The forward plans have an expectation of £400k growth in council tax each year.

- Business Rates: the Council is now seeing a relatively buoyant rateable value base, including the opening of a new power station in Carrington. An allowance has been made for this growth in the current resource forecasts. However £2m of assumed growth in 2018/19 for the additional power station in Carrington has now been removed from the assumptions.

4.3.3 Provisional 2017/18 Local Government Finance Settlement:

The outcome for Trafford is a marginal favourable variance of £173k over the next three years:

- Revenue Support Grant: as discussed earlier in section 1.3.1 of this report, the RSG figures were re-confirmed and reflect those provided as part of accepting the four year settlement.
- Retained Business Rates (Baseline Funding): slight increases due to changes in the Government inflation assumptions.
- Business Rates Tariff: DCLG have updated the 2017/18 tariff adjustment formula due to the new 2017 Revaluation List, which benefits the council.
- New Homes Bonus: changes to the existing scheme of phasing payment from 6 to 4 years and setting a baseline of a 0.4% increase before payments will be made, which overall reduce the level of grant the council will receive.
- New Adult Social Care Support Grant: one-off grant to be given to councils in 2017/18 which is being funded from the reduction in New Homes Bonus Grant.

Overall increase in the estimate of funding in 2017/18 since the November draft budget is £1.04m

Therefore since the draft budget stage the overall funding gap has increased from £22.17m to £25.37m in 2017/18

4.3.4 The table below summarises the budget movements to cost pressures, investments and funding between the draft and final budget stage and the impact on the overall funding gap and a full detailed listing is provided in Annex B.

| Table 4: Budget Movements | 2017/18 (£'000) | 2018/19 (£'000) | 2019/20 (£'000) |
|--|----------------------------|----------------------------|----------------------------|
| FUNDING GAP (Draft Budget Nov16) | 22,165 | 10,692 | 9,237 |
| Movements to Net Budget: | | | |
| Adults: Additional Pressures e.g. reducing the delayed transfers of care, increasing care requirements | 2,292 | 0 | 0 |
| Adults: Deprivation of Liberty Safeguards Assessments (DOLS) | 250 | 0 | 0 |
| Children's Placements | 1,800 | 0 | 0 |
| Social Care Transport | 250 | 0 | 0 |
| Pension Contribution Rate - set at 20.9% for the next 3 years | (262) | (516) | (519) |
| General Inflation: Freeze in 2017/18 | (284) | 0 | 0 |
| National Living Wage Assumptions | (600) | 0 | 0 |
| Updates to Grant Allocations | (193) | 910 | 402 |
| Treasury Management: Interest Rates & increase in MRP (Debt Repayment) | 884 | 226 | (420) |
| Other: Minor Service Pressures & Contingency Items | 107 | 568 | 0 |
| Cost Pressures & Investment Updates | 4,244 | 1,188 | (537) |
| Movements to Funding: | | | |
| Assumed Increase in Council Tax Base 1.4% (Previously 0.5%) | (764) | (11) | (12) |
| Business Rates: Baseline & Tariff Updates | (275) | (92) | (130) |
| Business Rates: Growth & Assumptions | 0 | 2,000 | 0 |
| Funding Updates | (1,039) | 1,897 | (142) |
| TOTAL BUDGET MOVEMENT | 3,205 | 3,085 | (679) |
| REVISED FUNDING GAP | 25,370 | 13,777 | 8,558 |

4.3.5 A subjective breakdown of the revised £47.71m funding gap is provided in the table below:

| Table 5: The 2017/20 Funding Gap | February 2017 | | |
|--|----------------------------|----------------------------|----------------------------|
| | 2017/18 (£'000) | 2018/19 (£'000) | 2019/20 (£'000) |
| Budget Forecasts | | | |
| Net Budget Requirement b/fwd | 146,697 | 163,674 | 173,694 |
| Cost Pressures & Investment: | | | |
| Pay | 1,173 | 933 | 653 |
| Living Wage | 1,548 | 1,822 | 1,729 |
| Inflationary | 0 | 288 | 293 |
| Contractual Obligations | 2,004 | 2,015 | 1,992 |
| Levies | 698 | 703 | 703 |
| Demographic | 7,043 | 2,000 | 2,000 |
| Grants, Legislative & Service Transfers * | 2,289 | 1,105 | (1,973) |
| Loss of Income | 105 | 0 | 0 |
| Treasury Management | 1,474 | 99 | (420) |
| Other | 643 | 1,055 | 250 |
| Total Cost Pressures & Investment | 16,977 | 10,020 | 5,227 |
| Budget Requirement Before Savings | 163,674 | 173,694 | 178,921 |
| Funding: | | | |
| Council Tax | 84,418 | 84,840 | 85,264 |
| RSG | 15,276 | 10,303 | 5,299 |
| Business Rates: Local Share | 68,998 | 71,218 | 73,751 |
| Business Rates: Tariff Payment | (34,988) | (36,114) | (37,398) |
| Business Rates: Assumptions, Growth, S31 Grants, GM Pilot | 4,300 | 4,300 | 4,300 |
| Prior Year: Collection Fund Surplus/(Deficit) & GM Pool (Levy)/Rebate | 300 | 0 | 0 |
| Available Funding | 138,304 | 134,547 | 131,216 |
| | | | |
| Cumulative Revised Funding Gap | 25,370 | 39,147 | 47,705 |
| Annual Revised Funding Gap | 25,370 | 13,777 | 8,558 |

* Note: includes additional Improved Better Care Funding of £5.7m by 19/20

4.4 How The Funding Gap Has Been Met 2017/18

4.4.1 The table below shows the final position following the latest round of business cases & budget proposals and funding updates.

| Table 6: Summary of the Reduction in the Revised Funding Gap | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|---|--------------------------|--------------------------|--------------------------|
| Revised Funding Gap | 25,370 | 13,777 | 8,558 |
| Existing Savings & income programmes (Feb16) | (9,223) | (250) | 0 |
| Savings & Income Proposals (Nov16) | (4,244) | (95) | (771) |
| Savings & Income Proposals (Feb17) | (2,100) | (50) | 350 |
| Savings & Income Proposals | (15,567) | (395) | (421) |
| Adult Social Care Precept (3%+3%+0%) | (2,533) | (2,684) | (26) |
| Increase in Council Tax (general increase of 1.99%) | (1,679) | (1,781) | (1,887) |
| Business Rates: Assumptions, Growth, S31 Grants, GM Pilot | (1,158) | (163) | (172) |
| Prior Year: Collection Fund Surplus/(Deficit) & GM Pool (Levy)/Rebate | (1,375) | 1,375 | 0 |
| Additional Funding | (6,745) | (3,253) | (2,085) |
| Net Budget Gap | 3,058 | 10,129 | 6,052 |
| Use of Budget Support Reserve | (3,058) | 3,058 | 0 |
| Total Budget Gap | 0 | 13,187 | 6,052 |

4.4.2 Since the Draft Budget Report in November 2016 the council has consulted and reviewed the robustness of existing proposals and undertaken another round to generate new budget proposals to close the budget gap in 2017/18.

4.4.3 Updates to Existing and November 2016 Savings & Income Proposals:

There have been a small number of changes to planned savings previously reported:-

- £123k of reshaping care savings will be unachievable in 2017/18 following a review.
- £228k of reablement and budget revision savings will be unachievable in 2017/18 following a review.
- £18k the maintenance to individual bowling clubs saving proposal has now been removed following consultation.
- £500k saving reversal in 2018/19 of the mandatory and voluntary unpaid leave scheme due to the proposal only being a 12 month extension.

4.4.4 New Savings & Income Proposals (February 2017):

The latest round of budget proposals generated additional income proposals of £110k and savings proposals of £1.99m, in 2017/18 as detailed below:

- £1.15m savings from the Council making an advance upfront payment to the GM Pension Fund in respect of 2017/20 pension contributions.
- £800k savings from reductions in provisions (redundancy) and contingencies.
- £40k saving from a reduction in the training budget.
- £60k accommodation recharge to GM Police.
- £50k sub-letting income from Sale Waterside.

4.4.5 Additional Funding (February 2017):

- Council Tax: within the Provisional 2017/18 Local Government Finance Settlement the Government set out its proposals regarding Council Tax referendum principles for 2017/18 of:
 - a) Continue to allow Local Authorities to increase their Council Tax by less than 2% without the need to hold a referendum i.e. allow a 1.99% general increase in the 'relevant basic amount'.
 - b) Increase the flexibility offered on the use of the 'adult social care precept', the original intention was for a 2% per year increase up to 2019/20, in recognition of the pressures on adult social care services especially in the next two years, social care authorities will now have the flexibility to increase by up to 3% in 2017/18 or 2018/19 but still cannot exceed 6% in total over the three year period.

Note: to ensure councils are using the income from the precept they will be required to publish a description of their plans which must be signed off by the Chief Finance Officer.

Propose an overall increase in the level of Council Tax of 4.99%:

- 1.99% general increase in the 'relevant basic amount' in the three years 2017/18 to 2019/20, and
 - 3% for the 'Adult Social Care' precept in the two years 2017/18 and 2018/19.
- Business Rates: estimated increase in retained business rates due to updated modelling for the new 2017 rateable value lists, baselines, tariffs, multipliers, transitional and small business rates reliefs, appeals provision, section 31 grants and a better understanding of the 'No Detriment' calculation under the 100% retention GM pilot scheme. (see section 5)
 - 2016/17 Collection Fund Surplus: a one-off benefit in 2017/18 of £1.37m (£1.0m council tax and net £375k from business rates) due to there being an estimated surplus on the collection fund in 2016/17, calculated as part of the annual budget setting process.

4.4.6 Additional Use of Reserves (February 2017):

- Use of Budget Support Reserve: the Budget Support Reserve which was created during 2015/16, as a result of prudent financial management, to support future year's budgets. This is a one-off resource which assists in helping to close the gap in 2017/18 but only acts to defer savings to later years.

4.5 Existing & New Savings & Income Proposals

4.5.1 The table below summarises all the income and savings programmes and proposals by intervention:

Note: The figures in the table below also include the full year impact of £9.22m from those income generating projects and savings identified in the 2016/17 budget process and consultation, and approved by Council in February 2016.

| Table 7: Summary of Savings & Income Proposals by Intervention | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|--|--------------------------|--------------------------|--------------------------|
| Creating a national beacon for sports, leisure and activity for all, making Trafford a destination of choice | (150) | (250) | (100) |
| Accelerate housing and economic growth | (70) | 0 | 0 |
| Redesigning services | (14,014) | 200 | 350 |
| One Trafford - being responsible, being bold, being healthy | (931) | (307) | (656) |
| Optimising technology to improve lives and productivity | (402) | (38) | (15) |
| Total Income and Savings | (15,567) | (395) | (421) |

4.5.2 New income and savings proposals to be approved in this report are individually listed in Annex D.

4.5.3 A second phase of consultation will be undertaken on the proposal for school crossing patrols. Whilst this saving target remains in the proposals for 2017/18 in the event that it cannot be delivered following the second round of consultation then the impact will be met from the Council-wide contingency budget. The outcome of the second phase of consultation will be reported to a future Executive.

4.6 Summary

4.6.1 A summary of all the movements to the budget gap at draft budget stage is shown in the table below and a full detailed listing can be found in Annex B.

| Table 8: Balancing the Budget Gap (Draft to Final) | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|---|--------------------------|--------------------------|--------------------------|
| Budget Gap at Draft Budget (Nov16) | 2,022 | 9,145 | 4,825 |
| Cost Pressures & Investment Updates | 4,244 | 1,188 | (537) |
| Savings & Income Proposals Updates | (1,731) | 450 | 350 |
| Funding Updates | (1,039) | 1,897 | (142) |
| Additional Funding | (3,238) | 249 | 1,556 |
| Additional Use of Reserves | (258) | 258 | 0 |
| Final Budget Gap After Proposals (Feb17) | 0 | 13,187 | 6,052 |

5. GM & CHESHIRE RATES POOL & 100% BUSINESS RATES RETENTION GM PILOT

5.1 GM & Cheshire Business Rates Pool

5.1.1 Authorities can voluntarily come together to pool their business rates, providing the potential to generate additional growth and retain any levy payments. A Pool treats authorities as a single entity for the purpose of calculating, top-ups, tariffs, levies and safety net requirements. The purpose of a Pool is not to alter individual authorities income levels but to retain some/all of any levy that might be payable to Central Government within the Pool.

5.1.2 From April 2015 GM and Cheshire East joined together as a Pool, Cheshire West and Chester later joined the Pool in April 2016. Each authority is required to make a decision as to whether to remain in the Pool within 28 days of the provisional Local Government Finance Settlement announced on 15th December 2015.

5.1.3 All twelve authorities in the Pool have signed up to continuing with the Pool for 2017/18. There will be an initial call on this levy in the following proportions of the levies generated by each authority: Cheshire East, Cheshire West and Chester retain 50%, Trafford retain one-third with the remainder being pooled at GM level.

5.1.4 The 2017/18 forecast by each authority currently does not anticipate them calling upon the safety net, on that basis Trafford levy saving will be included in the 'No Detriment' calculation as part of the 100% business rates retention pilot. (See Para 5.3.4 below)

5.2 100% Business Rates Retention Pilot Overview

5.2.1 In the 2015 spending review and autumn statement the government announced plans to completely phase out Revenue Support Grant by 2019/20 to pave the way for the implementation of 100% business rates retention in 2020/21.

5.2.2 In the 2016 budget the government committed to piloting approaches to 100% business rates retention in Greater Manchester, Liverpool and London, with some elements being piloted from as early as 2017/18.

5.2.3 It has now been confirmed the approach will be piloted from 1st April 2017 in a number of areas including GM, Liverpool City Region, West Midlands, West of England, Cornwall and the GLA

5.2.4 With the move to 100% rates retention pilot authorities will potentially be taking on a greater degree of risk, therefore it was agreed that pilots would operate on a 'no detriment' basis i.e. the pilot is to be without detriment to resources that would have been available to individual authorities under the current local government finance regime.

5.3 Greater Manchester Pilot

- 5.3.1 Since the announcement DCLG has engaged with pilot areas to reach agreements on the arrangements for implementation from 1st April 2017. A key objective for GM has been to explore how headroom can be created for local investment that promotes growth/increases productivity/reduces costs elsewhere at place level. Discussions on how this might be achieved are still ongoing with DCLG.
- 5.3.2 The final 2017/18 Local Government Finance Settlement will confirm that GM pilot authorities will retain 100% of locally raised business rates but in return they will forego Revenue Support Grant (RSG) and Public Health Grant, individual authority tariff and top-up payments will be adjusted to ensure fiscal neutrality and, in addition, to test potential elements of the 100% rates retention scheme, safety net arrangements will be revised.
- 5.3.3 The draft final settlement figures were awaited before making the decision whether to commit to the pilot. As the draft figures recently received are in line with what was expected and following consultation with the 10 GM Leaders and Interim Mayor, GM has indicated to DCLG that it will participate in the 100% Business Rates Retention Pilot.
- 5.3.4 It should be noted that GM cannot be any worse off than under the current 50% system. It is specified that this is to be without detriment to the resources that would have been available to the individual local authorities within GM. The calculation is at GM level, with any gain from the 50% scheme first being used to make good any losses at an individual authority level. A decision is then required at GM level about how any remaining gain is utilised.
- 5.3.5 Guidance produced by DCLG sets out the 'no detriment' calculation, going forward this will now require two set of figures being calculated of (A) under the existing 50% retention system and (B) under the new 100% rates retention pilot as follows:

| Element | A - Existing 50% | B - Pilot 100% |
|------------------------|---|---|
| Local Share | 49% NNDR1&3 | 99% NNDR1&3 |
| Baseline Funding Level | As per Finance Settlement | Adjusted - to include RSG & Public Health Grant |
| Tariff/Top-up | As per Finance Settlement | Adjusted - for new baselines |
| Levy | Levy Rate 0.50 | Levy Rate 0 |
| Safety Net | 92.5% of Baseline Funding Level | 97% of Baseline Funding Level |
| S31 Grants | 49% NNDR1&3 | 99% NNDR1&3 |
| RSG | As per Finance Settlement | Not Paid - included within Baseline Funding Level (above) |
| Public Health | As per Grant Allocation | |
| GM Pool Levy/Rebate | As per the existing GM & Cheshire pool arrangements | N/A No Levy |

5.3.6 Overall individual authorities within the GM pilot will retain **no less** than that figure currently calculated under (A) existing 50% retention system.

5.4 Trafford Position

5.4.1 Using DCLG latest guidance and the methodology proposed for calculating baseline funding levels, business rates baselines and tariff or top-up payments, the changes required to the 2017/18 budget are as follows and a full detailed list along with the 'No Detriment' calculation is provided within Annex C:

5.4.2 Net Budget (£12.72m increase):

- Under the pilot Public Health Grant will not be paid to the authority but will be included within the Baseline Funding Level (i.e. retained rates) therefore reducing grant income by £12.72m.

5.4.3 Funding (£12.72m increase):

- RSG: under the pilot RSG will not be paid to the authority but will be included within the Baseline Funding Level (i.e. retained rates) therefore reducing funding by £15.28m.
- Business Rates: Local Share: under the pilot the authority will no longer retain 49% but now 99% of business rates, therefore increasing funding by £70.41m.
- Business Rates: Tariff Payment: the tariff payment is the difference between the individual authority notional business rates baseline (i.e. assumed local share of NNDR income) and baseline funding level (i.e. settlement funding assessment), under the pilot both increase but not proportionately, therefore the difference between the two being the tariff payment also increases, reducing funding by £42.41m.
- Business Rates: Assumptions, Growth, S31 Grants, GM Pool Levy/Rebate: **NET NIL**
 - Business Rates: Assumptions & Growth: under the pilot the authority will no longer retain 49% but now 99% of business rates, therefore increasing funding by £5.68m.
 - Section 31 Grants: under the pilot the authority will no longer receive 49% but now 99% of S31 grants, therefore increasing grant funding by £2.14m.
 - Growth Levy: is abolished under 100% rates retention therefore the levy and rebate payments under the existing GM Pool arrangements will cease saving £2.38m.

- GM Pilot Benefit ('no detriment' over payment): under the GM Pilot arrangements the funding available to Trafford will be ***no less*** than under the existing 50% system. Any retained rates received over this calculated amount (A) will be retained within GM to be used for generating growth. Under the 50% system, this amount would have been part of the funding paid over to DCLG.

5.5 Summary of Changes to the 2017/18 Budget

5.5.1 Overall as the table below demonstrates that the 100% rates retention GM Pilot results in a presentational change to both the net budget and funding which is due to the inclusion of the Public Health monies which were previously paid as a separate ring-fenced grant.

| Table 9: 100% Retention GM Pilot | 2017/18 | | |
|---|---------------------|--------------------|------------------------|
| | 100% (£'000) | 50% (£'000) | Changes (£'000) |
| Proposed Budget | | | |
| Service: | | | |
| Children's Services | 31,960 | 31,960 | 0 |
| Adult Services (incl. Public Health) | 58,210 | 45,492 | 12,718 |
| Economic Growth, Environment & Infrastructure | 38,579 | 38,579 | 0 |
| Transformation & Resources | 16,535 | 16,535 | 0 |
| Total Service Budgets | 145,284 | 132,566 | 12,718 |
| | | | |
| Council-wide Budgets | 15,541 | 15,541 | 0 |
| Proposed Net Budget | 160,825 | 148,107 | 12,718 |
| Funding: | | | |
| Council Tax | 88,630 | 88,630 | 0 |
| RSG | 0 | 15,276 | 15,276 |
| Business Rates: Local Share | 139,403 | 68,998 | (70,405) |
| Business Rates: Tariff Payment | (77,399) | (34,988) | 42,411 |
| Business Rates: Assumptions, Growth, S31 Grants, GM Pilot | 5,458 | 5,458 | 0 |
| Prior Year: Collection Fund | | | |
| Surplus/(Deficit) & GM Pool (Levy)/Rebate | 1,675 | 1,675 | 0 |
| Proposed Funding | 157,767 | 145,049 | (12,718) |
| Reserves | | | |
| Budget Support Reserve | 3,058 | 3,058 | 0 |
| Use of Reserves | 3,058 | 3,058 | 0 |
| | | | |
| Total Budget Gap | 0 | 0 | 0 |

6. PROPOSED 2017/18 BUDGET and 2018/20 MTFS

- 6.1.1 The proposed net budget for 2017/18 on a 'like for like' basis is £148.11m an increase in the net budget of £1.41m or 0.96%, from £146.70m. However, as detailed in section 5 Trafford is part of the 100% business rates retention GM pilot and Public Health monies will no longer be received in a separate ring-fenced grant but are to be counted as part of core funding. As a result the proposed net budget increases by £12.72m to £160.83m.
- 6.1.2 Full subjective and objective summaries providing a breakdown of the 2017/18 net budget of £160.83m can be found in Annexes E & F.
- 6.1.3 Whilst the budget gap has now been closed for 2017/18 the size of the challenge over the following two years remains significant. For that reason the budget process for 2018/19 will commence immediately such that sufficient time is afforded to consider all options at an early stage, to ensure robust savings proposals can be developed in order to bridge the budget gap in future years as shown below.

| Table 10: The 2017/20 Budget | February 2017 | | |
|---|----------------------------|----------------------------|----------------------------|
| Proposed Budget | 2017/18 (£'000) | 2018/19 (£'000) | 2019/20 (£'000) |
| Service: | | | |
| Children's Services | 31,960 | 33,718 | 35,038 |
| Adult Services (incl. Public Health) | 58,210 | 60,780 | 62,208 |
| Economic Growth, Environment & Infrastructure (*) | 38,579 | 32,508 | 33,525 |
| Transformation & Resources | 16,535 | 17,092 | 17,489 |
| Total Service Budgets | 145,284 | 144,098 | 148,260 |
| | | | |
| Council-wide Budgets (*) | 15,541 | 26,021 | 26,343 |
| Proposed Net Budget | 160,825 | 170,119 | 174,603 |
| Funding: | | | |
| Council Tax | 88,630 | 93,517 | 95,854 |
| Business Rates: Local Share | 139,403 | 143,889 | 149,007 |
| Business Rates: Tariff Payment | (77,399) | (86,095) | (95,290) |
| Business Rates: Assumptions, Growth, S31 Grants, GM Pilot | 5,458 | 5,621 | 5,793 |
| Prior Year: Collection Fund Surplus/(Deficit) & GM Pool (Levy)/Rebate | 1,675 | 0 | 0 |
| Proposed Funding | 157,767 | 156,932 | 155,364 |
| Reserves | | | |
| Budget Support Reserve | 3,058 | 0 | 0 |
| Use of Reserves | 3,058 | 0 | 0 |
| Cumulative Budget Gap | 0 | 13,187 | 19,239 |
| Annual Budget Gap | 0 | 13,187 | 6,052 |

(*) The year on year budget changes between 2017/18 and 2018/19 include for changes between the waste levy and passenger transport held in EGEI and Council-wide respectively as detailed in Paragraph 4.3.1.

7. ROBUSTNESS, RISKS & RESERVES

7.1 Robustness and Risks

7.1.1 The law requires that the Council sets a balanced and robust budget, which is sufficient to meet its legal obligations, and then its aspirations. This requires all plans to be costed, forecasts and estimates to be checked for reasonableness, and risks to be assessed across the many varied services the Council provides. This also includes an assessment for emergencies, severe weather and other service and strategic risks.

7.1.2 Robustness does not guarantee that all possible eventualities are identified, or that all budget estimates are exact. Actual income and expenditure is likely to vary from the established budgets, but in the round these will compensate, and the approved budget need only be sufficient to meet overall expenditure requirements.

7.1.3 In exercising their statutory duty the Chief Finance Officer, in conjunction with the Corporate Leadership Team, will take all matters and issues into consideration and will make a reasoned assessment of whether the budget is sufficient and robust. The Executive will ensure the minimum reserve level is maintained to ensure the Council can meet its obligations.

7.1.4 The Council faces various financial risks to include:

- The ability to deliver savings within agreed timescales.
- Potential legal challenges to decisions.
- Fees & charges income differing to assumptions.
- Variations to external funding and grant allocations.
- Demographic pressures.
- Inflation & Interest Rates differing to assumptions.
- Business Rates growth & the 100% retention scheme pilot and potential costs with backdated appeal costs.
- Variations to external levies & contracts.
- Future changes to legislation
- An increasing level of its funding from local sources
- Devolution & integration of Health & Social Care (also an opportunity)

7.2 Reserves

7.2.1 Reserves are set aside so that future plans can be afforded or to avoid infrequent or emergency expenditure impacting on the 'normal operational budget. It is a legal requirement to set aside provisions, and a minimum level of generally available reserve and it is best practice to ensure that there are other sufficient reserves available to meet further needs to ensure an achievable and sustainable budget.

7.2.2 The Council usable reserves at 31st March 2016 stood at £55.65m, of which £20.57m relates to Earmarked revenue reserves as shown below along with their projected usage over the 3 year planning period.

| Table 11: Usable Reserves | 13/14 £m | 14/15 £m | 15/16 £m | 16/17 £m | 17/18 £m | 18/19 £m | 19/20 £m |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Specific | 24.84 | 18.19 | 7.09 | 4.24 | 2.97 | 2.56 | 2.56 |
| Smoothing | 3.80 | 1.64 | 2.84 | 3.12 | 2.36 | 1.39 | 1.39 |
| Budget Support | 0.00 | 0.00 | 4.05 | 6.56 | 3.50 | 3.50 | 3.50 |
| Service C/fwd | 0.98 | 3.94 | 6.59 | 0.61 | 0.61 | 0.61 | 0.61 |
| Investment Fund | 0.00 | 0.00 | 0.00 | 2.48 | 4.96 | 7.44 | 9.93 |
| Earmarked Reserves | 29.62 | 23.77 | 20.57 | 17.01 | 14.40 | 15.50 | 17.99 |
| | | | | | | | |
| General Reserve | 10.98 | 7.87 | 7.89 | 6.00 | 6.00 | 6.00 | 6.00 |
| Capital Related Reserves | 27.32 | 30.25 | 17.77 | 4.37 | 3.71 | 0.00 | 0.00 |
| School Related Reserves | 13.37 | 10.73 | 9.42 | 8.94 | 8.94 | 8.94 | 8.94 |
| Total Usable Reserves | 81.29 | 72.62 | 55.65 | 36.32 | 33.05 | 30.44 | 32.93 |
| Provisions | 25.18 | 18.87 | 18.77 | 17.83 | 17.83 | 17.83 | 17.83 |
| Total Usable Reserves & Provisions | 106.47 | 91.49 | 74.42 | 54.15 | 50.88 | 48.27 | 50.76 |

7.2.3 General Reserve: the Council is required by law to maintain a minimum level of reserves to meet unexpected or emergency expenditure, in February 2016 Council agreed to set the minimum level of the General Fund Reserve at £6.00m, the Chief Finance Officer advises the Council to maintain this level.

| Table 12: Advised minimum level of General Reserve | 2017/18 £m |
|---|-----------------------|
| Tax & Treasury Management | 0.24 |
| Pay & inflation | 1.30 |
| Fees and Charges | 0.10 |
| Emergency & Disaster Recovery | 1.02 |
| Efficiencies | 1.43 |
| Demand led budgets | 2.32 |
| Other Pressures | 0.06 |
| General Fund Financing | 2.50 |
| TOTAL | 8.97 |
| Risk reduction of 33% | -2.97 |
| Advisory level of minimum reserve | 6.00 |

7.2.4 The Council holds other Earmarked reserves to fund both revenue and capital expenditure which are held primarily to fund known future commitments but also act as service contingencies for unexpected events and to cover future risks, which include:

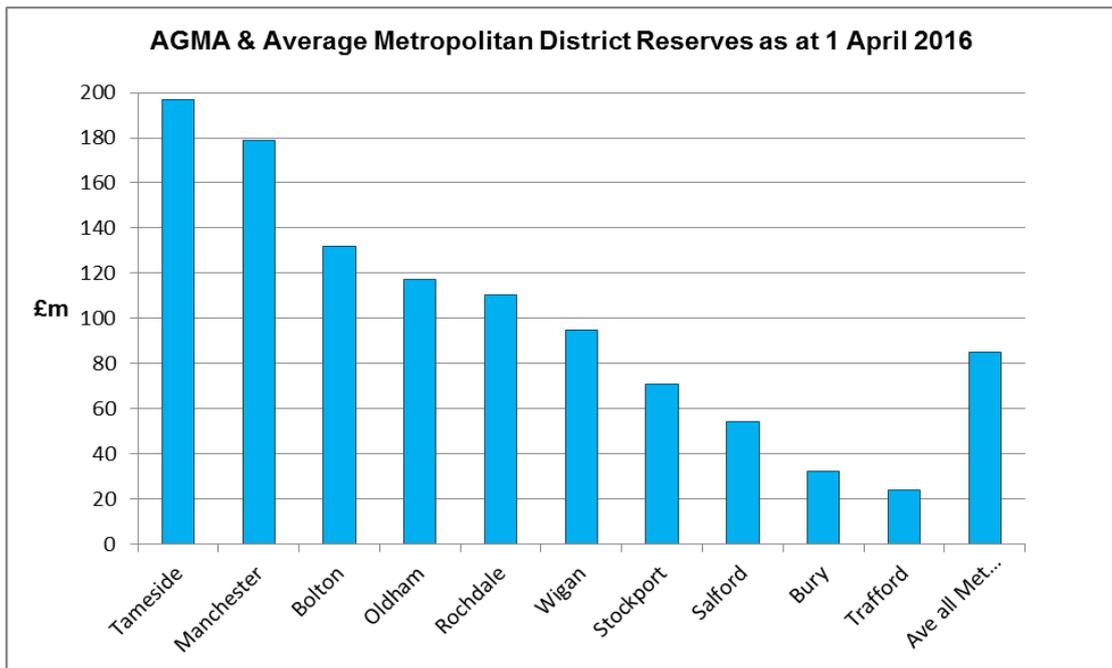
- Specific: mainly consists of the Insurance Reserve to cover potential future claims as a result of past events, the Employment Rationalisation Reserve for the costs of severance and related costs of structural change over and above the revenue budget provision and Transformation Reserve.
- Smoothing: established to reduce or smooth out volatility in the revenue budget where normal operating expenditure is not always similar year-on-year.
- Budget Support: established in 2015/16 to provide a cushion against volatility in budget funding and the significant level of savings required over the medium term, with further additions currently planned in 2016/17 from a review of other earmarked reserves balances.
- Service Carry Forward: represents accumulated savings on directorate budgets in previous years. These amounts are anticipated to be utilised to support expenditure on transformational projects.
- Investment Fund: to be established from the revised approach to the application of the existing MRP policy, this will generate £9.93m between the years 2016/17 to 2019/20 and its use will be restricted to being deployed on sustainable income generating or 'invest to save' i.e. revenue cost saving projects.

7.2.5 The Council holds the following reserves for statutory or specific purposes only:

- Capital reserves: consist of capital receipts, grants and contributions which can only be used to fund capital expenditure and are all allocated to support the current capital programme
- Schools reserves: represent the carry forward balances of individual school surpluses & deficits

7.2.6 Balancing the annual budget by drawing on Earmarked reserves may be viewed as a legitimate short-term option but it is not prudent for these reserves to be deployed to finance recurrent expenditure. However as a one-off in 2017/18 £3.06m will be used from the Budget Support Reserve to defer an element of savings into 2018/19.

7.2.7 The level of Reserves the Council holds is in part reflective of the past funding levels of a council in comparison to its need to spend. Holding reserves can assist in cushioning the effects of financial shocks and aids resilience. It should be noted that, as the lowest funded Council in Greater Manchester, Trafford also faces the challenge of having accumulated the lowest level of earmarked reserves.



Data source: National Statistics: Local authority revenue expenditure and financing England: 2016 to 2017 budget individual local authority data: [Revenue account \(RA\) budget 2016-17](#)

7.2.8 The Council has significantly lower levels of reserves than its neighbours and therefore the use of reserves to support its budget decisions cannot be taken lightly. During 2015/16 a budget support reserve was created and this will be utilised to help balance the budget position in 2017/18.

7.3 Summary

7.3.1 It is a requirement of the Local Government Act 2003 for the Council's Chief Finance Officer to give an opinion as to the robustness of the budget estimates and the adequacy of the financial reserves (s25) and the minimum level of reserves (s26). These opinions are provided to Members to assist in their determination as to whether the proposed budget is sufficient to meet the needs of the Council.

7.3.2 Members' attention is drawn to the statement by the Chief Finance Officer attached at Annex G, which should be taken into account before approving the budget together with the comments made in paragraphs below.

7.3.3 In determining the budget for the forthcoming year there are important decisions about the use of reserves. The provisional 2017/18 local government finance settlement reconfirmed funding through to 2019/20. Whilst we may have concern about the size of the settlements they are nevertheless useful in understanding how decisions will be taken over the Council's medium term financial position.

7.3.4 The planned use of £3.06m of general reserves to support the budget is a one-off source of funding and therefore the budget gap in 2018/19 increases by this amount.

8. SCHOOLS FUNDING & BUDGETS 2017/18

8.1 Background

8.1.1 Schools are funded from ring fenced grants, the most notable of which is the Dedicated Schools Grant (DSG). This funding cannot be used for any other Council function, and essentially schools operate within their own fund with any under or over expenditures being taken forward into future years. DSG has been re-baselined for 2017/18 and can be divided into three main areas:

- Schools Block - approximately £150m which essentially funds schools' budgets. This includes approximately £62m for academies which is determined by the Schools Funding Forum and Council but paid to Academies through the Education Funding Agency (EFA).
- High Needs block - approximately £25m which primarily supports Special Educational Needs (SEN) expenditure. This includes £10m to fund Trafford Special Schools.
- Early Years block - approximately £15m, which funds educational, provision for 2 to 5 year olds in both LEA Schools and Private, Voluntary and Independent (PVI) settings. This grant was increased for 2017/18 for the additional 15 hours of provision for 3 and 4 year olds of eligible working parents.

8.1.2 Other grants include Pupil Premium Grant (PPG) of £6m which is intended to bridge the attainment gap for pupils in receipt of free school meals and pupils who are or have been in care. In addition to this there is the Universal Infant Free School Meals Grant £2.88m, 6th Form Funding £1.18m and PE and Sports Grant £600k.

8.1.3 The distribution of DSG for Trafford and subsequent funding amounts for individual schools are dependent upon the October census count of pupil numbers with the final distribution of DSG not known until January 2017 following the pupil census in October 2016.

8.1.4 The final distribution of DSG was agreed locally with the Schools Funding Forum, which is made up of representatives from across all Trafford's schools, on 17th January and full details of the funding formula as recommended by the Schools Funding Forum are shown at Annex H.

8.2 Education Services Grant (ESG)

8.2.1 The Council is paid the grant to cover a range of statutory and regulatory duties and other responsibilities it has for schools. In the 2015 spending review the DfE announced a large reduction of £600m in the amount of ESG to be distributed nationally. This has created a significant budget pressure for the Council and has contributed to the overall budget gap referred to elsewhere in this budget report.

8.2.2 The £600m cut is 75% of the total ESG funding. Since the announcement of the reduction the DfE has changed its position on the expected role of local authorities, as illustrated in the white paper Education Excellence Everywhere and subsequent briefings and a number of statutory duties now remain in place. As such the government has advised councils they will provide transitional funding from April 2017 to August 2017.

8.2.3 For Trafford this is a reduction of £1.2m and will adversely impact on the statutory services provided by the Council for all children and young people, for all schools and for locally maintained schools. Given this reduction a review of our statutory and regulatory duties is being undertaken with a view to mitigating the impact of the reduction on the overall budget.

8.3 National Funding Formula

8.3.1 The Department for Education (DfE) launched the second stage consultation on the future of school and high needs funding on 14th December 2016 with responses due by 22nd March 2017.

8.3.2 Despite anticipating an increase in our comparatively low level of schools funding the indicative figures show an overall reduction in funding for Trafford of £0.8m.

| Table 13: Provisional Funding Allocations | 2016/17 Baseline (£m) | New Indicative Allocation (£m) | % change |
|--|--------------------------------------|---|-----------------|
| Primary | 72.490 | 73.722 | 1.7 |
| Secondary | 70.992 | 69.008 | -2.8 |
| Total | 143.482 | 142.730 | -0.5% |

8.3.3 There are a number of reasons for this; a major one being the increase in the overall weighting afforded to deprivation within the proposed formula. The schools funding forum will be consulted with over the coming weeks to ensure a consistent response can be compiled for Trafford's schools.

8.4 Summary Position

8.4.1 The estimated outturn position on the DSG is a total overspend of £492k. During the year the budget position has been reviewed particularly in the high needs area to control costs. This overspend will be financed from the central DSG reserve, leaving a small balance carried forward to 2017/18.

| Table 14: DSG Position 2016/17 | Budget £ | Expected Outturn £ | Difference £ |
|---------------------------------------|---------------------|-----------------------------------|-------------------------|
| School's block | 87,232,707 | 87,099,488 | (133,219) |
| High Needs Block | 21,470,451 | 21,610,735 | 140,284 |
| Early Years | 11,183,164 | 11,192,020 | 8,856 |
| Total | 119,886,322 | 119,902,244 | 15,922 |
| DSG Grant allocation | 119,410,000 | | |
| Reserve carried forward 15/16 | 786,528 | | |
| <u>Less :</u> | | | |
| Reserve used to balance budget 16/17 | 476,322 | | |
| Overspend 16/17 | 15,922 | | |
| Expected reserves remaining | 294,284 | | |

8.4.2 At this stage and due to a combination of a re-baselining of DSG allocations and cost control measures within the high needs area the budgets for the schools block, early years and high needs are containable within the overall allocations for 2017/18.

| Table 15: DSG Allocations & Budget 2017/18 | £m | £m |
|---|-----------|---------------|
| <u>Schools Block Budget</u> | | |
| Allocated to schools | 148.15 | |
| School's block central budgets | 1.21 | |
| DfE Licences | 0.18 | |
| ESG Retained Duties | 0.58 | 150.12 |
| <u>High Needs Block Budget</u> | | |
| Special Schools | 11.14 | |
| Sensory Impairment | 1.22 | |
| Speech Therapy | 0.24 | |
| SEN | 5.51 | |
| Out of Borough | 4.44 | |
| Notional SEN Contingency | 0.43 | |
| Behaviour & Attendance | 0.51 | |
| PRU's | 1.03 | |
| Post 16 FE Colleges | 0.13 | |
| EFA High Needs Block Deduction | 0.39 | 25.04 |
| Early Years Block Budget | | 14.61 |
| Total 2017/18 DSG Budgets | | 189.77 |
| Schools Block Allocation | 150.12 | |
| High Needs Block Allocation | 25.04 | |
| Early Years Block Allocation | 14.61 | |
| Total 2017/18 DSG Allocations | | 189.77 |

9. COUNCIL TAX REQUIREMENT AND STATUTORY CALCULATIONS

9.1 Budget Requirement

9.1.1 The Local Government Finance Act 1992, as amended by the Localism Act 2011, requires the Council to make the following calculations:

- an estimate of the Council's gross revenue expenditure - Section 31A(2),
- an estimate of anticipated income - Section 31A(3),
- a calculation of the difference between (i) and (ii) above, (i.e. net revenue expenditure) - Section 31A(4) – this is known as the Council Tax Requirement,
- a calculation of the Council's 'relevant basic amount' of Council Tax, calculated by dividing the Council Tax Requirement by the council tax base (expressed in Band D's).

9.1.2 If the proposals in this budget report are agreed, the calculation for the 2017/18 Council Tax Requirement will be as follows:

| LGFA 1992 | Calculation of Council Tax Requirement & Relevant Basic Amount of Council Tax 2017/18 | £ |
|------------------------------|--|--|
| S 31A(2) (a) – (f) | Gross Expenditure Service expenditure | 426,041,312 |
| S 31A(3) (a, c, d) | Gross Income Fees, charges and specific grants Application of Budget Support Reserve | (265,216,468) (3,058,000) |
| | Budget Requirement (previous regulations) | 157,766,844 |
| (b) | Revenue Support Grant | 0 |
| (b) | Retained Business Rates Baseline Business Rates (Growth & S31 Grants) Collection Fund surplus (Business Rates) | (62,004,124) (5,457,602) (375,097) |
| (b) | Collection Fund surplus (Council Tax) | (1,300,000) |
| S 31A(4) | Council Tax Requirement | 88,630,021 |
| | Council Tax Base in Band D's | 74,883 |
| S 31B | Relevant Basic Amount of Council Tax | £1,183.58 |

9.1.3 The Chief Finance Officer in accordance with their delegated powers approved the 2017/18 Trafford Council Tax Base (number of equivalent Band D properties in the borough) on 18th January 2017 at 74,883, which is a growth of 1,039 Band D equivalents on 2016/17. The 2017/18 Council Tax Base for the four Parish Councils were also approved as: Partington 1,517, Dunham Massey 228, Warburton 162 and Carrington 123.

9.2 Council Tax Increases

9.2.1 The Localism Act 2011 abolished Council Tax capping and replaced it with a requirement to hold a Council Tax Referendum if an authority wishes to increase its “relevant basic amount of Council Tax” by an amount equal to or exceeding a level set out by the Government annually. For 2017/18 a figure of 5% has been set, which is a combination of the core principle of 2% and the ‘adult social care precept’ of 3%.

9.2.2 In addition in each of the financial years beginning with 2016-17 up to and including 2019-20, the Secretary of State offered authorities with adult social care responsibilities the option of increasing their ‘relevant basic amount’ of council tax by an additional 2% ‘adult social care precept’, to help pay for adult social care costs without breaching the referendum threshold.

9.2.3 In recognition of the pressures on adult social care services especially in the next two years, within the Provisional 2017/18 Local Government Finance Settlement, the Government announced that adult social care authorities will now have the flexibility to increase their ‘adult social care precept’ by up to 3% in 2017/18 and/or 2018/19 but still cannot exceed 6% in total over the three year period.

9.2.4 As highlighted elsewhere in this report, it is proposed to raise the level of council tax in 2017/18 by 4.99%:

- 1.99% general increase in the ‘relevant basic amount’ in each of the three years 2017/18 to 2019/20, and
- 3% for the ‘Adult Social Care’ precept in each of the two years 2017/18 and 2018/19.

9.2.5 The calculation of the percentage change in “Relevant Basic Amount of Council Tax”, for Trafford Services is shown below :

| | 2016/17 | 2017/18 |
|--|--------------|--------------|
| Council Tax Base | 73,844 | 74,883 |
| Council Tax Requirement with Levies (£) | 83,246,556 | 88,630,021 |
| Basic Amount of Council Tax (£) (excluding Social Care Precept) | 1,105.23 | 1,127.66 |
| Social Care Precept | 22.10 | 55.92 |
| Relevant Basic Amount of Council Tax | 1,127.33 | 1,183.58 |
| % increase in Relevant Basic Amount of Council Tax | 2.00% | 4.99% |

9.2.6 It is proposed to increase the ‘relevant basic amount’ of Council Tax by 4.99%, which is within the 5% figure set by Government in 2017/18 for social care authorities. As this remains in line with Government policy it would therefore not be deemed ‘excessive’ and as a result there is no requirement to hold a Referendum.

9.2.7 Of the two major precepting bodies, the GM Police & Crime Commissioner are recommending a £5.00 (3.18%) increase in their Band D precept and the GM Fire and Rescue Authority is proposing an increase of £1.17 (1.99%) on their Band D precept.

9.2.8 Partington Town Council, at its meeting on 14 November 2016, elected to keep the level of Band D Council Tax at £42.50, the same as 2016/17. In addition both Dunham Massey (10th January 2017) and Warburton (17th January 2017) Parish Councils each agreed to set a Precept in 2017/18 of £50.00 per Band D equivalent property.

9.3 Council Tax Levels and Bandings

9.3.1 The overall Precepts and Council Tax levels for 2017/18 for Trafford properties are as follows:

| Council Tax per Precepting Body | Precept Amount £ | Council Tax per Band D Property £ | Council Tax Level Increase % |
|--|---------------------|--------------------------------------|---------------------------------|
| Trafford Services (inclusive of 'Adult Social Care Precept') | 88,630,021 | 1,183.58 | 4.99% |
| GM Police Authority (see note) | 12,153,511 | 162.30 | 3.18% |
| GM Fire Authority (see note) | 4,489,236 | 59.95 | 1.99% |
| Total (excluding Parishes) | 105,272,768 | 1,405.83 | 4.65% |
| Partington Precept | 64,473 | 42.50 | 0% |
| Total for Partington | | 1,448.33 | 4.50% |
| Dunham Massey Precept | 11,400 | 50.00 | N/A |
| Total for Dunham Massey | | 1,455.83 | N/A |
| Warburton Precept | 8,100 | 50.00 | N/A |
| Total for Warburton | | 1,455.83 | N/A |

9.3.2 Note: The Council Tax figures for the GM Fire & Rescue Authority and Greater Manchester Police included above are the recommended amounts and are subject to formal approval. GM Police are due to meet to approve their budget on 15th February 2017 and GM Fire & Rescue on 16th February 2017.

9.3.3 The council tax for 2017/18, inclusive of the 'adult social care precept', for each of the eight valuation bands would be as follows:

| 2017/18 Council Tax levels by valuation band (incl. major Precepts): | | | | | |
|---|---|---|---|--|--|
| Band | Valuation range (in 1991 prices) | Council Tax (Excl. Parishes) £ | Council Tax for Partington £ | Council Tax for Dunham Massey £ | Council Tax for Warburton £ |
| A | Up to £40,000 | 937.21 | 965.54 | 970.54 | 970.54 |
| B | Over £40,000 and up to £52,000 | 1,093.41 | 1,126.47 | 1,132.30 | 1,132.30 |
| C | Over £52,000 and up to £68,000 | 1,249.62 | 1,287.40 | 1,294.06 | 1,294.06 |
| D | Over £68,000 and up to £88,000 | 1,405.83 | 1,448.33 | 1,455.83 | 1,455.83 |
| E | Over £88,000 and up to £120,000 | 1,718.24 | 1,770.18 | 1,779.35 | 1,779.35 |
| F | Over £120,000 and up to £160,000 | 2,030.64 | 2,092.03 | 2,102.86 | 2,102.86 |
| G | Over £160,000 and up to £320,000 | 2,343.04 | 2,413.87 | 2,426.37 | 2,426.37 |
| H | Over £320,000 | 2,811.66 | 2,896.66 | 2,911.66 | 2,911.66 |

10. CAPITAL PROGRAMME AND TREASURY MANAGEMENT STRATEGY

10.1 There are two, more detailed, papers elsewhere on the agenda regarding the Capital Programme & Prudential Indicators, and the Treasury Management Strategy. Members are requested to treat these papers as part of the overall budget bundle for the purposes of decision making. The following is an outline of the features of those reports.

10.2 Capital Investment Programme 2017/20

10.2.1 The proposed Capital Investment Programme for 2017/20 is worth £109.16m, with £65.73m profiled to be undertaken during 2017/18.

| Table 20: Capital Investment Programme 2017/20 | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | TOTAL £'000 |
|---|--------------------------|--------------------------|--------------------------|------------------------|
| Service Analysis : | | | | |
| Children, Families & Wellbeing | 14,012 | 8,690 | 4,590 | 27,292 |
| Economic Growth, Environment & Infrastructure | 41,208 | 15,834 | 13,227 | 70,269 |
| Transformation & Resources | 10,515 | 983 | 100 | 11,598 |
| Total Programme | 65,735 | 25,507 | 17,917 | 109,159 |

10.2.2 The £109.16m programme above includes the following investment:

- Additional primary school placements, £7.3m in 2017/18, £11.3m over three years, and other investment in schools' infrastructure of £3.8m in 2016/17, £8.3m over three years.
- Highways investment of £14.4m in 2017/18, and £33.6m over the three years allowing for the replacement of 65km of carriageway, 66km of footway, contribution to the extension of the Metrolink into Trafford Park and completion of the replacement street lighting programme.
- Investment of £15.0m in 2017/18, £20.0m over three years, to support the acquisition of income generating assets which will yield future sustainable revenue streams for the Council.
- Investment in the local economy through the Borough's Town Centres of £6.4m in 2017/18 and £6.9m over the three years.
- Investment in leisure facilities of £6.5m in 2017/18, being the first phase of a £24.4m investment strategy in support of the Council's Leisure Strategy.
- A variety of investments in social care of £3.0m in 2017/18 and £7.7m over three years, including grants and home assistance to allow elderly and/or disabled people live in their own homes for longer.
- Provide support of £0.1m in 2017/18 and £1.1m over three years, to homeowners and social housing landlords to encourage more homes to be brought up to habitable standard and provide affordable housing.
- Improvements to the Council's parks and open spaces and facilities at allotment sites of £0.4m in 2017/18 and £2.6m over three years, and

- A range of works to the Council's asset to ensure service delivery including mechanical, electrical and DDA works of £3.2m in 2017/18 and £4.8m over the three years.

10.2.3 The capital programme utilises all known available capital funding sources over this period to include prudential borrowing, capital grants and contributions and capital receipts.

10.2.4 As part of the 2016/17 Local Government Finance Settlement, Government announced greater flexibility for Council's in how they make use of capital receipts between 1st April 2016 to 31st March 2019 and later updated its statutory guidance on the 'Flexible Use of Capital Receipts' in March 2016. During this period capital receipts can be used to fund the revenue costs of transformational projects which are designed to generate ongoing revenue savings in the delivery of public services and /or to transform service delivery in a way that reduces costs or demand for services in the future.

10.2.5 In the Efficiency Plan published by the Council in September 2016, the Council did not anticipate the use of capital receipts in this way during 2016/17 financial year. However, given the size and scale of the transformation programme outlined in this report, the Council now intends to exercise the facility to use capital receipts in this flexible manner. A list of the transformation projects is provided in Annex I.

10.3 Treasury Management and Prudential Indicators

10.3.1 The salient points of the report are:

- Both investment and long term borrowing rates are expected to increase slowly from their current levels.
- New borrowing undertaken will be taken to support the Capital Programme requirements with £3.6m of debt maturing in 2017/18.
- Cash balances are expected to decrease from an average level of £93m in 2016/17 to £43m in 2017/18 reflecting the advance payment to Greater Manchester Pension Fund of employer contributions and application of capital funding.

The Council's prudential indicators have been updated to reflect the activities currently forecasted to take place.

MEDIUM TERM FINANCIAL OUTLOOK - BASE BUDGET ASSUMPTIONS

| Base Budget Assumptions | 2017/18 £m | 2018/19 £m | 2019/20 £m |
|---|---------------|---------------|---------------|
| Service Expenditure | | | |
| Pay: Inflation | 1.0% | 1.0% | 1.0% |
| | £0.59 | £0.59 | £0.59 |
| Pay: Pension Inflation | 0.5% | 0.0% | 0.0% |
| | £0.26 | £0.00 | £0.00 |
| Pay: Increments & Pension Auto-Enrolment | £0.33 | £0.34 | £0.06 |
| Pay: Living Wage | £1.55 | £1.82 | £1.73 |
| General Inflation: Prices | 0.0% | 2.0% | 2.0% |
| | £0.00 | £0.29 | £0.29 |
| Contractual Obligations: Inflation Specific e.g. energy | £2.00 | £2.02 | £1.99 |
| Levies: Waste (GMWDA) Levy Increase (*) | £0.70 | £0.70 | £0.70 |
| Demographics: Children | £3.00 | £0.50 | £0.50 |
| | Adults | £4.04 | £1.50 |
| Treasury Management | | | |
| Investment Rates | 0.67% | 0.67% | 1.04% |
| Debt Rates | 3.50% | 3.50% | 3.50% |
| Funding | | | |
| Council Tax rate increase (Adult Social Care) | 3.00% | 3.00% | 0.00% |
| Council Tax rate increase (Relevant Basic Amount) | 1.99% | 1.99% | 1.99% |
| Council Tax base increase | 1.41% | 0.50% | 0.50% |
| Reduction in Settlement Funding Assessment | (12.49)% | (7.87)% | (8.27)% |
| | £(7.03) | £(3.88) | £(3.76) |

* Excludes the effect of the large increase due to investment which has been managed at a GM level by a proposed reduction of the same amount in the transport levy, net nil impact.

Annex B

2017/18 Movements Between Draft Budget (Nov 2016) & Final (Feb 2017)

| MOVEMENTS | 2017/18 | 2018/19 | 2019/20 |
|--|----------------|----------------|----------------|
| Budget Gap at Draft Budget (Nov16) | 2,022 | 9,145 | 4,825 |
| Pension increase - set at 0.5% increase | (262) | (516) | (519) |
| 2016 Autumn Statement: National Living Wage Assumptions | (600) | 0 | 0 |
| General Inflation Freeze 2017/18 | (284) | 0 | 0 |
| Demographics: Additional Children's | 1,800 | 0 | 0 |
| Demographics: Additional Adults | 2,542 | 0 | 0 |
| Adjustment to Dedicated Schools Grant Recharge | 300 | 300 | 300 |
| Local Flood Grant | (7) | 0 | (1) |
| New Homes Bonus Grant | 737 | (586) | 70 |
| Education Services Grant | (306) | 305 | 0 |
| Local Services Support Grant | 17 | 0 | 0 |
| Improved Better Care Fund | 19 | (57) | 36 |
| Adult Social Care Support Grant - one-off 2017/18 | (950) | 950 | 0 |
| Council Tax Reduction for Family Annexes Grant 2016-17 | 4 | 0 | 0 |
| Public Health Grant Reduction -2.5%/-2.6%/-2.6% | (7) | (2) | (3) |
| Increase to Borrowing Costs due to Capitalisation of the cost of Transformational Activity | 100 | 100 | 100 |
| GMPF 16/17 Advance Savings – Unachievable/Re-phased | 180 | 0 | 0 |
| Revised Approach to Application of MRP Policy | 505 | 0 | 0 |
| Reduction in Treasury Management Investment Interest | 99 | 126 | (520) |
| Home to School Transport 16-17 Savings - Unachievable | 250 | 0 | 0 |
| Reversal £25k Insurance Amey Saving | 25 | 0 | 0 |
| Growth to Budgets re: Reduction in Vacancy Factors | 0 | 568 | 0 |
| Legal Services Restructure Cost | 52 | 0 | 0 |
| Audit Work on the new Highways Database | 5 | 0 | 0 |
| Reduction in savings on Members Allowances | 25 | 0 | 0 |
| COST PRESSURES & INVESTMENT UPDATES | 4,244 | 1,188 | (537) |
| Estimated Reshaping Savings - Shortfall | 123 | 0 | 0 |
| Estimated Reablement – phase 2 - Shortfall | 146 | 0 | 0 |
| Budget Savings Revision | 82 | 0 | 0 |
| Voluntary plus Compulsory Unpaid Leave Reversal | 0 | 500 | 0 |
| Removal of maintenance to individual bowling clubs saving | 18 | 0 | 0 |
| Accommodation Recharge to GMP | (60) | 0 | 0 |
| Sale Waterside - Sub-Letting Income | (50) | (50) | 0 |
| GMPF Advance Payment (3yr 1st April 2017) & Allowance for Early Retirements | (1,150) | 0 | 350 |
| Reduction to Training Budget | (40) | 0 | 0 |
| Reduction to Redundancy Provision | (400) | 0 | 0 |
| Reduction in Contingency | (400) | 0 | 0 |

| | | | |
|---|----------------|---------------|--------------|
| SAVINGS & INCOME PROPOSALS UPDATES | (1,731) | 450 | 350 |
| Assumed Increase in Council Tax Base 1.4% (Previously 0.5%) | (764) | (11) | (12) |
| Provisional Baseline Funding (Retained Rates) | (25) | (92) | (130) |
| Removal BR Growth Carlton Power Station | 0 | 2,000 | 0 |
| Change in Tariff Payment | (250) | 0 | 0 |
| FUNDING UPDATES | (1,039) | 1,897 | (142) |
| Re-Profiling of Adult Social Care Precept (3%+3%+0%) | (845) | (928) | 1,800 |
| Assumed Increase in Council Tax Base 1.4% (Previously 0.5%) | (20) | (75) | (112) |
| Council Tax Support Saving – Incl. Within Assumed Increase in Council Tax Base of 1.4% | 160 | 40 | 40 |
| BR Assumptions (Multiplier, Reliefs, appeals prov'n) | (1,820) | (190) | (196) |
| BR Assumptions (Renewable Energy) | 5 | (2) | (3) |
| S31 BR Compensation Grant | (1,718) | (51) | (58) |
| Removal of Contribution from 2014/15 BR Levy Reserve | (8) | 0 | 0 |
| GM Pool BR Growth Levy & Rebate | 2,383 | 80 | 85 |
| One-off Use of Council Tax Collection Fund Surplus in 17/18 - Above Already Assumed £300k | (1,750) | 1,750 | 0 |
| One-off BR Levy re 15/16 surplus | 375 | (375) | |
| ADDITIONAL FUNDING | (3,238) | 249 | 1,556 |
| ADDITIONAL USE OF BUDGET SUPPORT RESERVE | (258) | 258 | 0 |
| Final Budget Gap After Proposals (Feb17) | 0 | 13,187 | 6,052 |

Business Rates 'No Detriment' Calculation

| 2017/18 | 50% £ | 100% PILOT £ |
|--|--------------------|--------------------|
| Gross Rates Payable | 176,946,312 | 176,946,312 |
| Transitional Adjustments and Mandatory & Discretionary Reliefs | (11,641,921) | (11,641,921) |
| NET RATES PAYABLE | 165,304,391 | 165,304,391 |
| Accounting Adjustments (Appeals & BDP) & Cost of Collection | (13,126,195) | (13,126,195) |
| NNDR Income | 152,178,196 | 152,178,196 |
| Local Share | 74,567,316 | 150,656,414 |
| Tariff | (34,987,985) | (77,399,401) |
| Retained Business Rates | 39,579,331 | 73,257,013 |
| Baseline Funding Level | 34,009,719 | 62,004,124 |
| Growth | 5,569,611 | 11,252,888 |
| SAICA Renewable Energy | 72,696 | 72,696 |
| Section 31 Compensation Grants | 2,198,071 | 4,339,102 |
| GM Pool Levy | (3,574,168) | 0 |
| GM Pool Levy Rebate at 33% | 1,191,389 | 0 |
| Growth/(Decline) to Baseline | 5,457,600 | 15,664,686 |
| GM Pilot 'No Detriment' Over Payment | 0 | (10,207,086) |
| NO DETRIMENT GROWTH/(DECLINE) TO BASELINE | 5,457,600 | 5,457,600 |

100% Business Rates Retention GM Pilot Budget Changes

| 100% BR RETENTION GM PILOT | 2017/18 £'000 |
|--|------------------|
| NET BUDGET | 148,107 |
| Removal of Public Health Grant | 12,718 |
| COST PRESSURES & INVESTMENT UPDATES | 12,718 |
| PROPOSED NET BUDGET | 160,825 |
| FUNDING & USE OF RESERVES | (148,107) |
| Removal of Revenue Support Grant | 15,276 |
| 99% Business Rates Local Share | (70,405) |
| Change in Tariff Payment | 42,411 |
| 99% BR assumptions (Multiplier, Reliefs, 4.29% appeals prov'n) | (5,683) |
| 99% S31 BR Compensation Grants | (2,141) |
| Removal GM Pool BR Growth Levy & Rebate | (2,383) |
| Insertion of GM Pilot Benefit 'No Detriment' Over Payment | 10,207 |
| FUNDING UPDATES | (12,718) |
| PROPOSED FUNDING & USE OF RESERVES | (160,825) |

Creating a national beacon for sports, leisure and activity for all making Trafford a destination of choice

| Report | Port-folio | Service Area | Description of Saving | Category of Saving | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | Impact of Saving (e.g. service, equality, other) |
|--------|------------|----------------------------|-----------------------------------|--------------------|-------------------|-------------------|-------------------|---|
| Nov-16 | C&P | Sale Waterside Arts Centre | Business development | Income | (100) | (100) | 0 | As part of the agreed 3 year business plan develop existing and new areas of business (e.g. weddings and conferences) and reduce reliance on Council funding. |
| Nov-16 | T&R | Leisure | Franchise income Trafford leisure | Income | 0 | (100) | (100) | Following the decision to invest in our leisure centres, additional revenue will be generated by the leisure company based on increased take up of services. |
| Feb-17 | C&P | Sale Waterside Arts Centre | Business development | Income | (50) | (50) | 0 | Continuation of developing new areas of business (sub-letting income) |
| | | | | | (150) | (250) | (100) | |

Accelerate housing and economic growth

| Report | Port-folio | Service Area | Description of Saving | Category of Saving | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | Impact of Saving (e.g. service, equality, other) |
|--------|------------|--------------|--|--------------------|-------------------|-------------------|-------------------|--|
| Nov-16 | EGEI | Planning | Additional income from planning application fees | Income | (70) | 0 | 0 | The Planning Service has been offering a "premium" pre-planning advice service since February 2016 which has had a positive response from developers, particularly where there are time constraints. This is generating additional income in 2016/17 already which is expected to continue in 2017/18. Other fees will also be reviewed to ensure cost recovery is achieved. |
| | | | | | (70) | 0 | 0 | |

Redesigning Services

| Report | Port-folio | Service Area | Description of Saving | Category of Saving | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | Impact of Saving (e.g. service, equality, other) |
|--------|------------|-----------------|-----------------------|--------------------|-------------------|-------------------|-------------------|---|
| Nov-16 | EGEI | Parking | Parking fees | Income | (702) | 0 | 0 | <p>Currently the parking fees in Trafford are 30 mins – 20p, 2hrs - 50p, 3hrs - £1, 4hrs - £2, day - £4 (£3 on street). It is proposed to revise charges to 30 mins – 70p, 2hrs - £1.50, 3hrs - £2.50, 4hrs - £3.50, day - £7 (£6 on street). Estimated additional income from this proposal is £667k</p> <p>It is also proposed to introduce charges at seven off-street car parks which are currently free all day: Lacy Street (Stretford), Flixton Road (Urmston), Manor Avenue (Urmston), Hampson Street (Sale Moor), Balmoral Road (Altrincham), Atkinson Road (Urmston), James Street (Sale Moor), The proposal is for 2 hrs free with over 2 hrs £1 giving estimated additional income of £35k.</p> |
| Nov-16 | ASS&CW | Care Management | Reablement – phase 2 | Efficiency | (800) | 0 | 0 | <p>Savings will be achieved by implementing the next phase of the previously consulted on changes to the service by commissioning a rapid, intensive support service which has been shown to deliver improved independence at a lower cost, from the market of care providers (called Stabilise and Make Safe). The internal service will no longer be provided but residents will have an improved level of access to the new service.</p> |

| | | | | | | | | |
|--------|------|--|---|---------------|---------|------|-----|--|
| Nov-16 | EGEI | One Trafford Partnership – Property Management | Property repairs and maintenance savings from improved management information | Efficiency | (89) | 0 | 0 | Implementation of new facilities management system during 2016/17 will allow property repairs and maintenance works to be better prioritised and reduce costs accordingly. |
| Nov-16 | EGEI | One Trafford Partnership – Property Management | Reduction in energy and water consumption in Council buildings | Efficiency | (80) | 0 | 0 | Further work will be carried out to drive energy efficiency programmes across all Trafford owned buildings. |
| Nov-16 | T&R | Transformation Team | Capitalisation of costs | Efficiency | (170) | 0 | 0 | Use of capital investment funding for Transformation project costs which deliver sustainable savings for the Council. |
| Nov-16 | F | Terms and Conditions | Staffing | Policy Choice | (500) | 500 | 0 | Extension of the voluntary and mandatory leave scheme |
| Nov-16 | F | Provisions | Provisions and Contingency | Policy Choice | (200) | 0 | 0 | Review of provisions and contingencies |
| Nov-16 | F | Treasury Management | PFI Contract | Efficiency | (50) | (50) | 0 | Anticipated savings in the unitary service payment on the Sale Waterside PFI agreement |
| Nov-16 | F | Insurance | Insurance Premiums | Efficiency | (50) | 0 | 0 | Reduction due to lower than anticipated insurance premiums and level of self-insured provision due to a lower claim payments. |
| Nov-16 | F | Base Budget Review | Budget Revisions | Efficiency | (250) | 0 | 0 | Review and removal of on-going budget underspends. |
| Feb-17 | F | Treasury & Pensions | GM Pension Fund Saving | Efficiency | (1,150) | 0 | 350 | Savings from the Council making an advance upfront payment to the GM Pension Fund in respect of 2017/20 pension contributions |
| Feb-17 | F | Provisions | Provisions and Contingency | Policy Choice | (400) | 0 | 0 | The provision budget held within Council Wide to cover potential costs of redundancy has been reduced by £400k as sufficient accumulated resource is held in reserve to cover over 2 years of potential redundancy costs |

| | | | | | | | | |
|--------|------|---------------|----------------------------|---------------|---------|-----|-----|---|
| Feb-17 | F | Contingencies | Provisions and Contingency | Policy Choice | (400) | 0 | 0 | Reduction in the contingency budget to cover potential slippage in prior year budget savings |
| Feb-17 | EGEI | Accommodation | GMP Recharge | Income | (60) | 0 | 0 | The shared service collaboration with GMP went operational during 2016/17 and is based at Trafford Town Hall. |
| Feb-17 | T&R | Training | Budget Reduction | Efficiency | (40) | 0 | 0 | The corporate training budget currently £249k in 2016/17. The introduction of the Apprentice Levy and the ability to access this to support staff training allows for this reduction in the budget. |
| | | | | | (4,941) | 450 | 350 | |

One Trafford - Being Responsible, Being Bold, Being Healthy

| Report | Port-folio | Service Area | Description of Saving | Category of Saving | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | Impact of Saving (e.g. service, equality, other) |
|--------|------------|---|---|--------------------|-------------------|-------------------|-------------------|--|
| Nov-16 | EGEI | One Trafford Partnership – Waste Management | Income from kerbside green waste collection | Income | (430) | (75) | (395) | Introduce partial cost recovery for the collection of green waste from the kerbside (a voluntary opt-in service). Estimated income generation after costs over three years is £900K. Food waste will still be collected weekly without additional charge as part of the universal council offering. |
| Nov-16 | T&R | School Crossing Patrols | Traded Service | Income | (350) | 0 | 0 | Alternative funding sources to be identified for schools crossing patrols |
| Nov-16 | EGEI | One Trafford Partnership – Waste Management | #BeResponsible – Right Stuff, Right Bin | Policy Choice | (151) | (232) | (261) | A range of measures proposed to encourage recycling and reduce waste disposal costs. There will be no change to collection frequencies but a stricter approach to ensuring only non-recyclable items are included in the general (grey) waste bin. Estimated saving is £644k over three years after costs. |
| | | | | | (931) | (307) | (656) | |

Optimising technology to improve lives and productivity

| Report | Port-folio | Service Area | Description of Saving | Category of Saving | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | Impact of Saving (e.g. service, equality, other) |
|--------|------------|------------------------------|--------------------------------------|--------------------|-------------------|-------------------|-------------------|--|
| Nov-16 | C&P | CCTV | Business development | Income | (10) | (10) | (15) | Savings are from re-procurement of cameras, reduced maintenance costs and staff relocation through collaboration with Salford. |
| Nov-16 | E&I | Street lighting | LED roll out – energy saving | Efficiency | (100) | 0 | 0 | Use of a Central Management System to control LED lighting (dimming and trimming). The roll out is scheduled between April 2016 and September 2017 and the total full year saving already included in the MTFP is £1.150m before financing costs (estimated at £500k). |
| Nov-16 | F | Finance – Exchequer Services | Business scanning | Efficiency | (100) | (28) | 0 | Business efficiency savings from enhanced use of scanning technology. |
| Nov-16 | F | Finance – Exchequer Services | On-line integrated Council Tax forms | Efficiency | (42) | 0 | 0 | Business efficiency savings from improved use of on-line technology in the administration of Council Tax. |
| | | | | | (252) | (38) | (15) | |

Annex E

2017/18 Subjective Budget Analysis

| 2017/18 | CFW (£000's) | EGER (£000's) | T&R (£000's) | Council- wide (£000's) | Funding & Reserves (£000's) | Total (£000's) |
|--|-----------------|------------------|-----------------|------------------------------|-----------------------------------|-------------------|
| Net Budget Brought Forward | 76,727 | 31,941 | 17,042 | 20,987 | | 146,697 |
| Cost Pressures: | | | | | | |
| Pay | 789 | 70 | 320 | (6) | | 1,173 |
| Living Wage | 1,424 | 50 | 74 | 0 | | 1,548 |
| Inflationary | 0 | 0 | 0 | 0 | | 0 |
| Contractual Obligations | 1,165 | 789 | 50 | 0 | | 2,004 |
| Levies | 0 | 8,147 | 0 | (7,449) | | 698 |
| Demographic | 7,042 | 0 | 0 | 1 | | 7,043 |
| Grants, Legislative & Service Transfers | 12,632 | 0 | 113 | 2,262 | | 15,007 |
| Loss of Income | 0 | 105 | 0 | 0 | | 105 |
| Treasury Management * | 0 | 0 | 0 | 1,474 | | 1,474 |
| Other | 182 | (553) | 354 | 660 | | 643 |
| Total Cost Pressures | 23,234 | 8,608 | 911 | (3,058) | | 29,695 |
| Approved Budget Updates (Feb 2016): | | | | | | |
| Income Generation | 0 | (200) | (230) | 0 | | (430) |
| Savings Proposals * | (8,793) | 0 | 0 | 0 | | (8,793) |
| Total Approved Budget Proposals | (8,793) | (200) | (230) | 0 | | (9,223) |
| New Budget Updates (Nov 2016): | | | | | | |
| Income Generation | 0 | (1,202) | (460) | 0 | | (1,662) |
| Savings Proposals | (998) | (458) | (688) | (438) | | (2,582) |
| Total New Budget Proposals | (998) | (1,660) | (1,148) | (438) | | (4,244) |
| New Budget Updates (Feb 2017): | | | | | | |
| Income Generation | 0 | (110) | 0 | 0 | | (110) |
| Savings Proposals | 0 | 0 | (40) | (1,950) | | (1,990) |
| Total New Budget Proposals | 0 | (110) | (40) | (1,950) | | (2,100) |
| PROPOSED NET BUDGET | 90,170 | 38,579 | 16,535 | 15,541 | 0 | 160,825 |
| Funding: | | | | | | |
| Council Tax | | | | | (84,418) | (84,418) |
| Business Rates: Local Share | | | | | (139,403) | (139,403) |
| Business Rates: Tariff Payment | | | | | 77,399 | 77,399 |
| Business Rates: Assumptions, Growth, S31 Grants, GM Pilot | | | | | (4,300) | (4,300) |
| Prior Year Collection Fund (Surplus)/Deficit & GM Pool Levy/Rebate | | | | | (300) | (300) |
| Total Funding | | | | | (151,022) | (151,022) |
| Additional Funding: | | | | | | |
| Council Tax - 2% Adult Social Care Increase | | | | | (2,533) | (2,533) |
| Council Tax - 1.99% General Increase | | | | | (1,679) | (1,679) |
| Business Rates: Assumptions, Growth, S31 Grants, GM Pilot | | | | | (1,158) | (1,158) |
| Prior Year Collection Fund (Surplus)/Deficit & GM Pool Levy/Rebate | | | | | (1,375) | (1,375) |
| Additional Funding Total | | | | | (6,745) | (6,745) |
| PROPOSED FUNDING | | | | | (157,767) | (157,767) |
| Additional Use of Reserves: | | | | | | |
| Budget Support Reserve | | | | | (3,058) | (3,058) |
| Additional Use of Reserves Total | | | | | (3,058) | (3,058) |
| USE OF RESERVES | | | | | (3,058) | (3,058) |
| BUDGET GAP | | | | | | 0 |

2017/18 Objective (Service) Budget Analysis

| DIRECTORATE | SERVICE EXPENDITURE ANALYSIS | Net Budget 2016/17 (£'000) | Proposed Net Budget 2017/18 (£'000) |
|--|---|----------------------------|-------------------------------------|
| Children's Service | Children with Complex and Additional Needs | 1,400 | 1,678 |
| Children's Service | Commissioning | 1,668 | 1,761 |
| Children's Service | Children's Social Services | 18,896 | 20,439 |
| Children's Service | Education and Early Years' Service | 5,156 | 5,490 |
| Children's Service | Early Help Delivery Model | 793 | 746 |
| Children's Service | Multi Agency Referral & Assessment Services | 1,625 | 1,610 |
| Children's Service | Youth Offending Service | 259 | 235 |
| Children's Service | Sub-Total | 29,796 | 31,960 |
| Adults Service | Client Costs | 38,660 | 39,160 |
| Adults Service | Better Care Fund & Other Income | (5,324) | (6,275) |
| Adults Service | Social Support | 429 | 438 |
| Adults Service | Assistive Equipment and Technology | 1,043 | 990 |
| Adults Service | Social Care Activities - Care Management | 10,686 | 9,822 |
| Adults Service | Commissioned Contracts | 793 | 825 |
| Adults Service | Commissioning and service delivery | 1,081 | 1,071 |
| Adults Service | Public Health | (436) | 12,178 |
| Adults Service (incl. Public Health) | Sub-Total | 46,931 | 58,210 |
| EGEI - Environmental, Technical & Property Services | One Trafford Partnership | 13,182 | 13,620 |
| EGEI - Environmental, Technical & Property Services | Street Lighting Energy | 1,400 | 730 |
| EGEI - Environmental, Technical & Property Services | Media Advertising | (668) | (868) |
| EGEI - Environmental, Technical & Property Services | Waste Disposal Levy | 14,909 | 22,536 |
| EGEI - Environmental, Technical & Property Services | Strategic Management | 493 | 470 |
| EGEI - Economic Growth & Planning | Economic Growth & Planning | 1,691 | 1,757 |
| EGEI - Economic Growth & Planning | Public Protection & Enforcement | 787 | 836 |
| EGEI - Economic Growth & Planning | Parking Services | (732) | (1,404) |
| EGEI - Economic Growth & Planning | Strategic Management & Support Services | 880 | 902 |
| Economic Growth, Environment & Infrastructure | Sub-Total | 31,941 | 38,579 |
| Transformation and Resources | Legal & Democratic Services | 2,491 | 2,787 |
| Transformation and Resources | Access Trafford | 2,725 | 2,766 |
| Transformation and Resources | ICT Services | 2,256 | 2,330 |
| Transformation and Resources | Communications | 212 | 214 |
| Transformation and Resources | Finance Services | 4,517 | 4,255 |
| Transformation and Resources | Partnerships and Communities | 1,670 | 1,710 |
| Transformation and Resources | Culture and Sport incl. Waterside Arts Centre | 655 | 562 |
| Transformation and Resources | Human Resources | 2,164 | 2,137 |

| | | | |
|-------------------------------------|---|----------------|----------------|
| Transformation and Resources | Executive | 421 | 441 |
| Transformation and Resources | Transformation | 170 | 0 |
| Transformation and Resources | School Crossing Patrols | 371 | 29 |
| Transformation and Resources | Bereavement Services | (800) | (836) |
| Transformation and Resources | Catering & Cleaning Traded Services | 189 | 140 |
| Transformation and Resources | Sub-Total | 17,042 | 16,535 |
| TOTAL SERVICE BUDGETS | | 125,710 | 145,284 |
| Council Wide Service | Transport Levy | 16,104 | 8,873 |
| Council Wide Service | Flood Defence | 142 | 140 |
| Council Wide Service | Coroner's & Mortuary | 584 | 584 |
| Council Wide Service | AGMA/ Other | 1,016 | 801 |
| Council Wide Service | Contingencies, Provisions & Corporate Savings | 4,043 | 2,640 |
| Council Wide Service | Interest Receivable (incl. Airport Dividend) | (3,786) | (3,215) |
| Council Wide Service | Loan Debt (principal and interest) | 6,009 | 6,912 |
| Council Wide Service | Insurance | 870 | 820 |
| Council Wide Service | Members Expenses | 858 | 859 |
| Council Wide Service | Other Centrally held budgets | 1,204 | 1,197 |
| Council Wide Service | Central Grants | (6,058) | (4,071) |
| COUNCIL-WIDE BUDGETS | | 20,987 | 15,541 |
| PROPOSED NET BUDGET | | 146,697 | 160,825 |

**REPORT of the CHIEF FINANCE OFFICER
to the COUNCIL 22 FEBRUARY 2017
ROBUSTNESS of the 2017/18 PROPOSED BUDGET ESTIMATES
(S25-26 LGA 2003)**

1. INTRODUCTION

- 1.1 The Local Government Act 2003 requires the Chief Finance Officer to report independently to the Council their own opinion as to the robustness of the budget estimates and the adequacy of the financial reserves (s25) and the minimum level of reserves (s26).
- 1.2 The Law requires that such a report is put before Council as part of the overall budget deliberations, and that such a report be considered prior to the approval of the Budget Requirement and the setting of a Council Tax.
- 1.3 A summary of this report providing the general opinion is included within the main report at section 7.

2. BACKGROUND

- 2.1 The budget process has involved the identification or forecasting of spending needs, likely resource availability, and opportunities for efficiencies, income generation and resource realignment. Issues identified during the 2016/17 budget monitoring process and planning process review have been addressed in the 2017/18 budget wherever appropriate.
- 2.2 The process has involved the Executive Portfolio Holders, members of the Corporate Leadership Team and other service management supported by Finance Managers.
- 2.3 All budget managers have been requested to agree their budget working papers and are therefore aware of their proposed budget for 2017/18, and the assumptions the budget is based on, which includes income targets.
- 2.4 With the support of the senior Finance staff within the Transformation & Resources directorate, I have undertaken a review of the Executive's budget proposals at varying levels of detail taking into account known factors that will have a significant bearing on the conduct of the Council's business in 2017/18 and the medium term. Importantly it includes discussion, information and assurances supplied by Directors and other senior staff.
- 2.5 At a detailed level budgets are based on forecasted activity and have been subject to appropriate challenge, sensitivity analysis and that they reasonably allow for a degree of error. Risks can be mitigated through a variety of management actions and the Corporate Leadership Team has ensured that in higher risk areas additional capacity and rigour has been put in place to ensure forecast savings are robust and are capable of being delivered during the year. Savings will continue to be monitored through the CLT Transformation Board as well as the established bi-monthly financial monitoring of all Council activity on an outturn basis from May each year.

2.6 I have also taken account of how the Council is likely to react if an adverse financial situation was to arise during the year. This helps in assessing the adequacy of reserves and it is felt that, despite an increasingly challenging financial environment, the minimum level of reserve can remain at the current level of £6m as a reasonable amount to cover for unforeseen circumstances not included in the detailed budget proposals.

2.7 The year ahead presents a number of financial challenges, and in particular I would draw Members' attention to areas of uncertainty for which mitigating action is included in the budget and/or reserves, if required;

- The scale of savings required, in particular the CFW directorate, continues to be demanding on the capacity of managers and staff;
- The Council could face legal challenge in the decisions it makes, and whilst every effort has been made to guard against the likelihood of successful challenge, the costs of defending any such proceedings could be significant;
- The uncertainty that exists on demand led services, albeit a number of key "deep-dive" reviews have been undertaken in high risk budget areas;
- There is significant reliance on business rates growth to support its spending plans and there are still a large volume of unsettled business rate appeals where the Council carries a major risk, albeit a provision has been included in the accounts;
- There are ongoing consultations on the future of school funding which are currently being reviewed and will ultimately affect the overall level of funding schools receive from 2018/19.

3. OUTCOME OF REVIEW

3.1 All aspects of the budget have been reviewed to ensure that reasonableness (robustness) tests have been carried out, that detailed calculations are sound, and that the risks have been quantified and provided for as far as possible. As part of the review of draft savings proposals, risk assessment and mitigating action a number of changes in assumptions were subsequently made, the salient ones are as follows:

- Increase budget provision within Children and Adults Social Care demography;
- The establishment of a Budget Support Reserve of £6.56m, to provide a cushion against volatility in budget funding and the significant level of savings required over the medium term. A drawdown of £3.06m is required to support the budget in 2017/18 leaving £3.50m available for future years;
- Adjustment to the income from Business Rates to reflect the new 100% GM pilot;
- Increase in waste levy budget to reflect the updated forecasts from the Waste Disposal Authority and corresponding change to the transport levy;
- Council tax levy for social care;

4. CONCLUSION

- 4.1 This statement is not a guarantee that expenditure will be contained within each budget line as the nature of the Council's business means that some services will be placed under financial pressure at various times throughout the year. Therefore it is an assessment of the overall budget package and whether there is a reasonable expectation that the budget overall will not be breached.
- 4.2 On the basis of the above mentioned financial planning and monitoring processes together with the risk assessment of the budget, the Chief Finance Officer is able to report (in accordance with Section 25 of the Local Government Act 2003) that the estimates made for the purposes of the calculation of the budget are robust and the level of reserves and balances are adequate and (in accordance with Section 26 of the Local Government Act 2003) the minimum level of general reserve be set at £6m.

Annex H

OUTLINE OF 2017/18 FUNDING FORMULA RECOMMENDED BY SCHOOL FUNDING FORUM

| - | Description | Amount per pupil | | Pupil Units | | Sub Total | Total |
|--|-----------------------------|--------------------------|----------------------------|---|--------------------------------------|-------------|---------------------|
| | Primary (Years R-6) | £2,684.56 | | 20,547.00 | | £55,159,707 | |
| | Key Stage 3 (Years 7-9) | £4,254.28 | | 9,169.00 | | £39,007,517 | £117,689,152 |
| | Key Stage 4 (Years 10-11) | £4,254.28 | | 5,529.00 | | £23,521,928 | |
| | | Primary amount per pupil | Secondary amount per pupil | Eligible proportion of primary NOR | Eligible proportion of secondary NOR | | |
| Deprivation | FSM6 % | £608.48 | £749.52 | 3,451.92 | 2,760.52 | £4,169,490 | |
| | IDACI Band F | £0.00 | £0.00 | 1,122.71 | 775.08 | £0 | |
| | IDACI Band E | £146.42 | £242.79 | 1,449.80 | 1,003.69 | £455,965 | |
| | IDACI Band D | £192.98 | £242.79 | 831.06 | 592.10 | £304,134 | £6,569,714 |
| | IDACI Band C | £307.69 | £422.40 | 795.78 | 480.75 | £447,921 | |
| | IDACI Band B | £422.39 | £422.40 | 1,253.57 | 807.49 | £870,579 | |
| | IDACI Band A | £537.10 | £512.20 | 350.62 | 260.27 | £321,624 | |
| | | Primary amount per pupil | Secondary amount per pupil | Eligible proportion of primary NOR | Eligible proportion of secondary NOR | | |
| English as an Additional Language | EAL 3 | £278.69 | £557.39 | 2,361.67 | 236.41 | | £789,945 |
| | | Amount per pupil | | Eligible proportion of primary and secondary NOR respectively | | | |
| Prior attainment | Low Attainment % new EFSP | £1,800.95 | | 2,103.91 | | £3,789,045 | |
| | Low Attainment % old FSP 78 | £3,037.45 | | 1,716.61 | | £5,214,127 | £9,003,172 |
| Lump Sum | | | | | | £150,000.00 | £12,900,000 |
| Split Sites | | | | | | | £40,000 |
| Rates | | | | | | | £1,160,304 |
| Total Funding for Schools Block Formula (excluding MFG Funding Total) | | | | | | | £148,152,288 |

| | |
|---|---------------------|
| Minimum Funding Guarantee (MFG is set at -1.5% - funded from schools who gain from the formula) | £2,718,978 |
| Total Funding For Schools Block Formula | £148,152,288 |
| less de-delegation | -£854,579 |
| less Education functions | -£250,000 |
| Total Funding For Schools Block Formula less de-delegation | £147,047,708 |



Efficiency Plan 2017 / 2020



Foreword

Trafford Council is a high performing, low spending council providing excellent, value for money services. Trafford Council has risen to the challenge presented by the effects of the austerity agenda, rising demand levels and funding reductions over the years since 2010. During this period the Council has successfully delivered £113m of savings which has been delivered through a mixture of in-house efficiencies and the transformation of services and service delivery.

Trafford Council accepted the four multi-year funding settlement offer made by the Secretary of State for Communities and Local Government in September 2016.

The medium term minimum funding guarantee enables the council to make longer term transformational and growth plans both within our organisation and in collaboration with our partners.

The production of this efficiency plan is to provide an annual update, since the acceptance of that offer.



Theresa Grant
Chief Executive
Trafford Council



Councillor Sean Anstee
Leader of Trafford Council

Introduction and Purpose of document

The Efficiency Plan was initially developed so that Trafford Council could qualify for the four multi-year funding settlement from Government for the period 2016/17 to 2019/20

The four year settlement was essential to the medium-term financial stability of the Council, as it guaranteed no changes to the minimum level of grant that was announced for Trafford in the 2015 autumn statement. The figures for each type of grant covered by the settlement can be found in the table below:

| | <i>2016/17</i> <i>£'000</i> | <i>2017/18</i> <i>£'000</i> | <i>2018/19</i> <i>£'000</i> | <i>2019/20</i> <i>£'000</i> |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <i>Revenue Support Grant</i> | 22,989 | 15,276 | 10,303 | 5,299 |
| <i>Transitional Grant</i> | 465 | 458 | 0 | 0 |
| <i>Rural Services Delivery Grant</i> | 0 | 0 | 0 | 0 |
| Total | 23,454 | 15,734 | 10,303 | 5,299 |

This plan not only provides an update on the financial position and commitment to deliver these plans but to enable the Council to benefit from the flexibility in the use of capital receipts.

This plan has been developed with reference to the Council's Medium Term Financial Strategy (MTFS), as detailed in the February 2017 Budget Report to Council and includes three main sections:

1. Our approach to delivering efficiencies in order to meet the savings gap
2. New flexibilities in the use of capital receipts
3. Council's Prudential Indicators

This plan will be reviewed and updated at least annually as part of the budget setting process.

Section 1 – Our Approach

| Budget Forecasts 2017/18 to 2019/20 | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Net Budget Requirement b/fwd | 146,697 | 146,697 | 163,674 | 173,694 |
| Cost Pressures & Investment:- | | | | |
| Pay | | 1,173 | 933 | 653 |
| Living Wage | | 1,548 | 1,822 | 1,729 |
| Inflationary | | 0 | 288 | 293 |
| Contractual Obligations | | 2,004 | 2,015 | 1,992 |
| Levies | | 698 | 703 | 703 |
| Demographic | | 7,043 | 2,000 | 2,000 |
| Grants, Legislative & Service Transfers | | 2,289 | 1,105 | (1,973) |
| Loss of Income | | 105 | 0 | 0 |
| Treasury Management | | 1,474 | 99 | (420) |
| Other | | 643 | 1,055 | 250 |
| Total Cost Pressures & Investment | 0 | 163,674 | 173,694 | 178,921 |
| Funding:- | | | | |
| Council Tax | 83,547 | 84,418 | 84,840 | 85,264 |
| RSG | 22,989 | 15,276 | 10,303 | 5,299 |
| Business Rates: Local Share | 77,838 | 68,998 | 71,218 | 73,751 |
| Business Rates: Tariff Payment | (44,509) | (34,988) | (36,114) | (37,398) |
| Business Rates: Assumptions, Growth, S31 Grants, GM Pilot | 4,982 | 4,300 | 4,300 | 4,300 |
| Prior Year: Collection Fund Surplus/ (Deficit) & GM Pool (Levy)/Rebate | | 300 | 0 | 0 |
| General Reserve | 1,850 | 0 | 0 | 0 |
| Total Funding & Use of Reserves | 146,697 | 138,304 | 134,547 | 131,216 |
| | | | | |
| Cumulative Revised Funding Gap | 0 | 25,370 | 39,147 | 47,705 |
| Annual Revised Funding Gap | 0 | 25,370 | 13,777 | 8,558 |

Size of the Challenge

The Council's Medium Term Financial Strategy (MTFS) is detailed in the February 2017 Budget Report to Council. The MTFS is a rolling document which is updated as changes in conditions/assumptions are known, in recent months the most notable change is the demographic pressures being experienced in spending on Adults and Children's social care. The revised funding gap figures for 2017/18 to 2019/20 can be seen to the left:

2017/2020 Efficiency plan

For the years 2017 to 2020 the strategy is to deliver the efficiency savings required to close the financial gap through a major transformational agenda. This transformational programme will build on the foundations of the Reshaping Trafford programme which has already delivered large efficiency and transformational savings. A report on this programme and its progress was reported to the Accounts and Audit Committee in February 2017. This report can be found [here](#)

Trafford has a strong ethos of partnership working and our transformational changes will be delivered in conjunction with our partners as part of the Public Sector Reform agenda. The [Trafford partnership](#) is Trafford's Local Strategic Partnership and the Trafford Partnership Annual Report 2015-16 describes our collaborative approach to locality based planning and service delivery.

Greater Manchester is at the forefront of devolution and the greater integration of health and social care in order to increase efficiencies and improve services is a key aspect of these devolved responsibilities and powers. Trafford has developed a [Locality plan](#) which describes the transformational changes planned in conjunction with our health partners.

Increasing income by promoting economic growth and encouraging the establishment of new business and the building of new homes in Trafford is key to delivering our efficiency plan. Increased economic growth not only produces more income for the council in terms of council tax and business rates but also increases the employment and well-being of the Trafford population.

More detailed plans of the programme to be delivered in 2017/18 can be found [here](#) in the February 2017 Budget Report to Council, future years will be presented to the Executive and Council later in the year.

| <i>Summary of the Reduction in the Revised Funding Gap</i> | <i>2017/18 £'000</i> | <i>2018/19 £'000</i> | <i>2019/20 £'000</i> |
|--|--------------------------|--------------------------|--------------------------|
| Revised Funding Gap | 25,370 | 13,777 | 8,558 |
| <i>Savings & Income Proposals</i> | <i>(15,567)</i> | <i>(395)</i> | <i>(421)</i> |
| <i>Additional Funding</i> | <i>(6,745)</i> | <i>(3,253)</i> | <i>(2,085)</i> |
| <i>Use of Budget Support Reserve</i> | <i>(3,058)</i> | <i>3,058</i> | <i>0</i> |
| Total Budget Gap (Feb 2017) | 0 | 13,187 | 6,052 |

Section 2 Capital Receipts Flexibility

As part of the local government settlement for 2016/17 Government announced greater flexibility for Council's in how they make use of capital receipts from 1st April 2016 to 31st March 2019 and updated its statutory guidance on the 'Flexible Use of Capital Receipts' in March 2016. Councils were previously only allowed to spend such money on further capital projects but now capital receipts can be used to fund the revenue costs of transformation projects which are designed to generate ongoing revenue savings in the delivery of public services and /or to transform service delivery in a way that reduces costs or demand for services in the future.

The February 2016 Budget Report and the related Treasury Management Strategy did not anticipate the use of capital receipts in this way during 2016/17 financial year. However, given the size and scale of the transformation programme outlined above, the Council now intends to take up the facility to use capital receipts in this flexible manner to fund the cost of reconfiguration, restructuring and rationalisation savings, estimated usage is anticipated to be £1.8m per annum.

This transformational activity will assist in delivering the savings on a range of schemes to include those detailed below:-

| TRANSFORMATIONAL PROJECTS | 2017/18 | 2018/19 | 2019/20 |
|--|----------------|----------------|----------------|
| Reshaping Care-Managing the Council funded cost of care through increasing client independence | (5,110) | (250) | 0 |
| Reshaping Children's services | (2,349) | 0 | 0 |
| Reablement – phase 2 | (800) | 0 | 0 |
| Ascot House - alternative uses of the site | (380) | 0 | 0 |
| Rapid Response - review the Rapid Response service | (211) | 0 | 0 |
| #BeResponsible – Right Stuff, Right Bin | (151) | (232) | (261) |
| Aids and adaptations redesign | (150) | 0 | 0 |
| Business scanning | (100) | (28) | 0 |
| Property repairs and maintenance savings from improved management information | (89) | 0 | 0 |
| Reduction in energy and water consumption in Council buildings | (80) | 0 | 0 |
| On-line integrated Council Tax forms | (42) | 0 | 0 |
| Direct Payments – review the direct payments service | (35) | 0 | 0 |
| Service structure and role remodelling across the CFW workforce | (30) | 0 | 0 |
| Pathways - review the provision of day care services to clients with learning disabilities | (28) | 0 | 0 |
| Business development | (10) | (10) | (15) |
| TOTAL EXPECTED SAVINGS/SERVICE TRANSFORMATION | (9,565) | (520) | (276) |

Further intended use of any capital receipts in this way for remaining years will be included in updates to this plan and will be presented to Full Council in due course.

Section 3 Prudential indicators

The Treasury Management Strategy sets out the prudential indicators for 2017/18. The report is available [here](#)

These indicators are designed to ensure that the Council's capital borrowing is affordable and does not place undue burden on the Council's revenue budget or Council Tax Payers. Each year the reporting requirements are that the Accounts and Audit Committee together with the Executive and Full Council should receive the following reports:

- Annual treasury strategy for the year ahead
- Mid-year update report
- Annual outturn report describing the activity undertaken.